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# ***JPRS Report***

## **China**

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***Trade Transparency: Miscellaneous  
MOFERT Trade Regulations***

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# China

## Trade Transparency: Miscellaneous MOFERT Trade Regulations

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## MOFERT Collection of Regulations

### Contract Management Provisions

93CE0382A *Beijing MOFERT COLLECTION OF REGULATIONS* in Chinese Nov 92 pp 1-7, 27-64

[Selected documents: "Trade Transparency: Miscellaneous MOFERT Trade Regulations"]

[Text] MOFERT [Ministry of Foreign Economic Relations and Trade] and the State Administration for Industry and Commerce's Provision on Contract Management of Sino-Foreign Joint Ventures—(Promulgated by MOFERT on 13 September 1990)

To promote the normal development of Sino-foreign jointly operated enterprises (referred to as "joint ventures" below), this provision has been formulated in regard to their contract management:

### I. Definition of Contract Management

The contract management mentioned in this provision refers to the arrangement whereby a joint venture and a contractor sign a contract management agreement to hand over the management and administrative rights of all or part of the joint venture to the contractor for a definite period of time, during which let the contractor will manage and administer the joint venture. Contract management is only a supplementary measure to remedy the mismanagement and serious losses in some joint ventures. During the contract management period, the contractor assumes the management risks and is entitled to part of the joint venture's profits.

### II. Conditions for Contract Management of a Joint Venture

A joint venture must satisfy all of the following conditions in order to implement contract management:

1. The joint venture must be a business encouraged or permitted by the state. However, key state project, especially energy and communications projects, may not implement contract management.
2. The Sino-foreign partners must have contributed capital on time and in full as stipulated in the joint venture contract and the investment has been checked to determine that the joint venture indeed cannot be sustained due to mismanagement.

### III. Contractor's Qualifications

A contractor must have the following qualifications:

1. It must be a Chinese or foreign company or enterprise with legal person qualifications and has been in business for more than three years.
2. It must be in the same line of business as the joint venture that is implementing contract management and has a specific program to remedy the enterprise's serious losses and promote its normal development.
3. It must furnish the joint venture with sufficient cash collateral or a letter of guarantee of security deposit.

### IV. Basic Requirements in Contract Management

1. The open bid method may be used to determine the contractor (that is, the board of directors may draw up the conditions beforehand and let the joint venture invite bids); or the board of directors may decide to let the joint venture and the contractor (may be a party to the joint venture or may be a third party) sign a contract management agreement directly.
2. Contract management may not change the joint venture's legal person status, its name, or management scope.
3. The contractor is the administrator and manager of the joint venture's assets and should execute the contract management agreement diligently and accept the supervision of the joint venture's board of directors. The contractor has no right to dispose of the joint venture's assets in any form, including transfer, sale, removal, hypothecation, lease, or gift. The contractor must submit a truthful financial report to the joint venture's board of directors on a regular basis.
4. The duration of contract management is usually one to three years, with a maximum term not exceeding five years. The contractor must guarantee that, on expiration of the contract management term, the joint venture will be turning a profit or will show clear improvement in management.
5. Contract management may only contract the joint venture's after-tax profit. Both parties to the contract may use the pertinent indexes in the feasibility report prepared at the time the joint venture was set up and also consider the realistic market conditions to determine the annual profit base.
6. During the contract management period, the contractor must furnish the joint venture with a contract management's letter of guarantee of security deposit or cash collateral in the first quarter of each year. The pledged funds cannot be used for other guarantee purposes; the joint venture partner's capital contribution cannot be used as collateral. The cash collateral and letter of guarantee must be irrevocable by the bank and must be redeemable by the joint venture unilaterally, and regardless of the form of guarantee, the amount cannot be less than 50 percent of that year's total contracted profit.
7. During the contract management period, if the contractor should borrow money in the name of the joint venture, it must have the consent of the board of directors. During the contract management period, the joint venture's loan balance may not exceed the total contracted profit for the year.
8. During the contract management period, the joint venture must continue to comply with the state laws and rules and regulations and financial accounting system.

The contractor must pay income tax on the contracted income according to the law.

The contract management's finances, accounting, and taxes must be handled in accordance with the pertinent rules and regulations of the financial and tax departments.

9. If contract management fails to deliver the contracted profit according to the agreement for two consecutive years, the joint venture may collect the cash collateral from the contractor or collect the security deposit under the banks' letter of guarantee or collect compensation as stipulated in the contract management agreement at the end of each fiscal year; and furthermore, the original department that examined and approved the contract may rescind the contract management agreement which shall then become invalid, and the contractual relationship will automatically terminate. The industry and commerce administrative organ shall revoke the contract management registration and re-register the joint venture's status.

If the joint venture is still unable to turn around its serious losses after the contract management agreement is rescinded, it should be dissolved in accordance with the law and the terms of the joint venture contract.

10. Prior to the commencement of contract management, or if the contract management should break off in mid-term, and at the end of a contract period, the joint venture should take inventory to establish fund sources and make a proper transfer. Inventory-taking to establish fund source must be certified by a Chinese certified accountant to be valid.

#### V. Contract Management Agreement

1. To manage a joint venture under contract, the joint venture and the contractor must sign a contract management agreement. The parties to the joint venture are not allowed to sign a profit-contracting agreement among themselves.

2. The contract management agreement should comply with the relevant Chinese laws and be consistent with the purpose and principles of the original joint venture contract. Articles in the joint venture contract not relevant to contract management may not be revised.

3. The contract management agreement must include the following terms: The duration of contract management; the rights and limitations and obligations and responsibilities of the contractor; the format and substance of the contract management; allocation of profit generated by the new management; the security deposit, letter of guarantee, or collateral; fines in the event of breach of contract; methods of resolving disputes over the contract management agreement; responsibility toward the joint venture's losses and/or debts incurred prior to the contract management; principles in inventory-taking to establish fund source and transfer procedure; pricing method; contracted production quota and profit quota; technological upgrading standards; enterprise debt safety margin; personnel settlement, labor management, wages, welfare, insurance of the joint venture's original staff after the commencement of contract management; the question of who should deal with and take responsibility for disputes with other companies, enterprises, or individuals during the contract management period as a result of execution of the contract.

4. During the contract period, if the contractor should flagrantly violate the contract terms, the joint venture's board of directors has the right to dissolve the agreement and demand that the contractor pay appropriate economic compensation.

5. The contract management agreement and its revision, extension, termination, and expiration must be approved by the organ that originally examined and approved the joint venture.

#### VI. Application, Examination and Approval, and Registration of Contract Management

1. To apply for contract management, the joint venture must submit an application and the following documents to the organ that originally examined and approved the joint venture itself:

- (a) An application for the joint venture to implement contract management;
- (b) the joint venture's board of director's decision on implementing contract management;
- (c) a report, already approved by the joint venture's board of directors, submitted by the contractor stating the specific measures to be taken to turn the enterprise's losses into profit;
- (d) proof of legitimacy of the contractor's operation; its company charter, and its financial statements for the most recent three years;
- (e) the contract management agreement;
- (f) the original joint venture agreement and feasibility study report;
- (g) opinions of the administrative, financial, and tax departments regarding the joint venture's contract management, and
- (h) other pertinent documents requested by the organ in charge of examination and approval.

2. Within 30 days of receipt of all documents, the organ in charge of examination and approval should make a decision on approving or rejecting the application. If certain parts of the contract management agreement are illegal or are clearly unfair, it must require that revisions be made within a given period of time or deny the application.

3. Within 30 days after the organ in charge of examination and approval issues the document approving the joint venture's contract management, the applicant must bring the proof of payment of security deposit or letter of guarantee to the industry and commerce administrative organ and go through the registration process. Failure to register within 30 days will automatically render the approval issued by the examination and approval organ invalid. The industry and commerce administrative organ should proceed with the registration within 30 days of acceptance of the application.

The contract management term shall commence on the day the industry and commerce administrative organ issues the registration.

Contract management must follow the industry and commerce administrative organ's regulations when opening for business, making changes, and canceling registration.

## VII. Others

1. Joint ventures already implementing contract management should go through the contract management approval and registration procedure within 90 days of promulgation of this provision. Contract management agreements already signed may be revised to comply with this provision. Failure to go through approval and registration procedure within the specified period may cause the organ in charge of examination and approval and the industry and commerce administrative organ to jointly order the joint venture and its contractor to cease implementation of the contract management agreement or even revoke the joint venture's license and freeze the contractor's profit. The industry and commerce administrative organ may also impose fines on the joint venture and the contractor.

2. Henceforth, joint ventures and contractors that implement contract management but conceal the truth and refuse to go through the approval and registration procedure, if discovered, will be fined by the examination and approval organ and the industry and commerce administrative organ according to the law.

3. Sino-foreign joint ventures that have entered into contract management agreements with foreign enterprises shall continue to abide by the State Administration of Industry and Commerce and MOFERT's "Circulation on Examination and Approval and Registration of Foreign (National or Regional) Enterprises Entrusted with the Contract Management of Joint Ventures," Industrial and Commercial Enterprise Code (1988) No. 98, promulgated on 11 June 1988.

4. Contract management of Sino-foreign contractual joint ventures should refer to this provision.

5. This provision takes effect on the day of promulgation.

MOFERT State Administration of Industry and Commerce 13 September 1990

### People's Republic of China—Ministry of Foreign Economic Relations and Trade Order No. 1

"Detailed Rules on Implementing the PRC's Law on Foreign-Funded Enterprises" has been approved by the State Council on 28 October 1990 and is hereby being promulgated. Implementation shall commence on the day of promulgation.

Minister Zheng Tuobin [6774 2148 1755] 12 December 1990

### Administration of Mass Foreign Economic Relations and Trade Organizations—Promulgated by MOFERT on 26 February 1991

#### Chapter I: General Principle

**Article 1:** This method has been drawn up specifically in accordance with the State Council's "Regulations on Registration and Administration of Mass Organizations" and

other pertinent rules to safeguard the healthy development of mass foreign economic relations and trade organizations and give play to their positive role in China's foreign economic and trade undertakings.

**Article 2:** The Ministry of Foreign Economic Relations and Trade of the People's Republic of China (referred to as MOFERT below) is in charge of the business administration of all national, trans-provincial, autonomous regional, and municipal chambers of commerce, associations, societies, federations, research groups, foundations, friendly associations, promotional groups and other mass foreign economic and trade organizations set up within the boundaries of the People's Republic of China.

**Article 3:** MOFERT's business administration of the mass foreign economic and trade organizations shall include examination and approval of their formation, business guidance, routine administration, and supervision and inspection.

**Article 4:** Depending on the setup, nature, and status of various mass foreign economic and trade organizations, MOFERT may be directly in charge or put a relevant unit in charge of management.

#### Chapter II: Scope and Classification

**Article 5:** Mass foreign economic and trade organizations refer to mass organizations involved in foreign trade, foreign capital utilization, international economic and technological cooperations (including the contracting of international engineering projects and labor cooperations,) foreign economic and technological aid, and in the provision of international consignment of cargo transport and so on.

**Article 6:** Mass foreign economic and trade organizations include the following categories:

- (a) Academic organizations involved in the study of foreign economic relations and trade, international trade, and international economic cooperations;
- (b) friendly organizations set up to develop foreign economic relations and trade and promote better relations between foreign and domestic enterprises and managers;
- (c) chambers of commerce and associations of all types set up for the purpose of smoothing and promoting China's foreign economic relations and trade development;
- (d) other mass organizations with foreign economic and trade business or professional characteristics.

#### Chapter III: Formation and Changes

**Article 7:** The creation of a mass foreign economic and trade organization must comply with the following principles:

(a) The purpose of the mass foreign economic and trade organization must be consistent with the PRC's constitution and laws and rules and regulations. It must safeguard the state's integrity and national unity; it must not infringe upon the interests of state society, and the community and the freedom and rights of other citizens and legal persons.

(b) The creation of a mass foreign economic and trade organization must facilitate the promotion of foreign economic and trade development and the improvement of relations between domestic and foreign enterprises and other relevant organizations and safeguard and protect normal foreign economic and trade order.

(c) National, trans-provincial, autonomous regional, and municipal mass foreign economic and trade organizations must have broad representation and must reflect the consensus of the legal persons and citizens who are members of the organization.

(d) No mass organization of same or similar nature may be set up within MOFERT's business administration scope.

**Article 8:** The founder of the mass foreign economic and trade organization should submit a report to MOFERT prior to creating the organization, and if enough people within that organization's business scope have responded, he may then draft the relevant documents to set up the organization and submit them for MOFERT's examination.

**Article 9:** The following information must be submitted for examination:

(a) opinions of the unit initiating the organization and a report, signed by the person in charge of the unit, on the progress its formation;

(b) a draft of the mass organization's charter which must comply with the "Mass Organization Registration and Administration Regulations";

(c) the office address or mailing address;

(d) the founder's name, age, address, profession, and vita;

(e) list of members and their written comments.

**Article 10:** After MOFERT has examined the documents and given its approval, it will issue a written letter of approval to the founder who shall then register with the organ in charge of mass organization registration and administration. Prior to the approval and registration, no unit or individual may engage in any kind of activity in the name of the mass organization.

**Article 11:** When a mass foreign economic and trade organization changes its purpose, changes its name or legal representative or manager, or dissolves itself, it must have MOFERT's permission and go to the organ in charge of registration and administration to make the changes or cancel the registration.

#### Chapter IV: Business Guidance

**Article 12:** MOFERT provides business guidance to all mass foreign economic and trade organizations already approved and registered.

**Article 13:** Business guidance generally consists of the following:

(a) information on foreign economic and trade situations and relevant policies and rules and regulations;

(b) if necessary and at the request of the mass foreign economic and trade organizations, relevant personnel in charge may accept the mass organizations' work reports on a regular or irregular basis;

(c) when necessary, MOFERT shall make suggestions and proposals regarding the mass organizations' activities;

(d) pursuant to the relevant regulations, MOFERT shall relay or transmit all documents relevant to foreign economic relations and trade.

**Article 14:** Once empowered by MOFERT, mass organizations given business coordination functions and some business administration functions must execute the administrative laws and rules and regulations pertaining to foreign economic and trade administrations.

#### Chapter V: Routine Administration

**Article 15:** Mass foreign economic and trade organizations of all types must accept the routine administration of MOFERT or its empowered unit.

**Article 16:** Routine administration mainly consists of the following:

(a) checking the setup and personnel assignment of the mass organizations' permanent organs;

(b) checking the leadership and internal personnel system;

(c) checking the budget and final accounting systems;

(d) collecting and dispatching the wage schedules of the mass organizations' permanent organs;

(e) planning voluntary blood-drive and tree-planting and other social functions;

(f) others.

**Article 17:** MOFERT is directly in charge of the routine administration of mass organizations that have been given business coordination and some business administration functions.

**Article 18:** MOFERT shall empower the relevant founding units or the foreign economic and trade administrative departments where the mass organizations' permanent offices are located to take charge of the routine administration of mass organizations without business coordination or business administrative functions and other trans-provincial, autonomous regional, and municipal mass organizations. The relevant units should report to MOFERT on the routine matters they take care of for record.

#### Chapter VI: Supervision and Inspection

**Article 19:** Mass foreign economic and trade organizations of all types must submit to the supervision and inspection of the registration and administration organ and MOFERT or its empowered units.

**Article 20:** Supervision and inspection shall include the following areas:

(a) implementation of the state's constitution and laws;

- (b) launching of business activities in accordance with the organization's purpose and charter;
- (c) funding and revenue and expenditure;
- (d) others.

**Article 21:** Mass foreign economic and trade organizations of all types must report to MOFERT or submit for record the following information:

- (a) annual work plan and plans for major events;
- (b) delegates meetings, plenary sessions, full-member conferences, and other important meetings and events;
- (c) annual budget and final accounting reports;
- (d) personnel and wage statistics of the permanent organs;
- (e) others.

**Article 22:** Units empowered to take charge of the mass foreign economic and trade organizations' routine administration should strengthen their supervision and inspection work and provide MOFERT with regular reports.

**Article 23:** MOFERT has the right to order any mass foreign economic and trade organization that has violated the constitution and law or rules and regulations to make rectifications and assist the relevant departments in their investigation and prosecution.

## Chapter VII: Supplementary Articles

**Article 24:** This method does not apply to foreign chambers of commerce set up in PRC territory.

**Article 25:** This method is subject to MOFERT's interpretation.

**Article 26:** This method takes effect on the day of promulgation.

MOFERT 26 February 1991

## MOFERT's Temporary Method of Administering the Adjudication of Superior Products—Promulgated by MOFERT on 11 April 1991

### Chapter I: General Principles

**Article 1:** This method has been promulgated in compliance with the state's relevant regulations on selecting superior products and in coordination with MOFERT'S actual situation to encourage and promote the export manufacturing enterprises to continuously improve product quality and economic efficiency, enhance our international prestige, and meet the needs of our participation in international market competition to increase export and earn more foreign exchange.

**Article 2:** The organizational leadership in selecting the Ministry of Foreign Economic Relations and Trade's superior quality products (referred to as MOFERT superior products below) is as follows:

- (a) MOFERT shall set up a Superior Product Evaluation Committee to take charge of drawing up policies to evaluate the products. That committee will be chaired by a leader of the ministry; the chairman of the Comprehensive Planning

Section will serve as its vice chairman; and its members will comprise of leaders of the State Administration of Commodity Inspection, relevant units of the Ministry, chambers of commerce of various import and export, and relevant import-export corporations.

(b) Six specialized evaluation groups—foodstuff, native products, and livestock; light industrial goods and arts and crafts; textile goods; machinery and electronic products; metals, minerals, and chemicals; medicine and healthcare products—will be set up under the Superior Product Evaluation Committee to be in charge of the actual evaluation process. The specialized evaluation groups will be headed by the presidents of the chambers of commerce for imports and exports. The import-export chambers of commerce may set up expert evaluation small groups if necessary.

(c) The General Office of the Superior Product Evaluation Committee (referred to as MOFERT Evaluation Office below) will be set up in MOFERT's Comprehensive Planning Section and will be responsible for organizing, managing, and coordinating all matters relating to the evaluation process. The import-export chambers of commerce and the State Administration of Commodity Inspection may designate liaison officers to work with the MOFERT Evaluation Office.

**Article 3:** MOFERT makes its superior product selection once a year. The evaluation process must show planning in management, use advanced standards, have reliable data base, and be scientific and fair, factual and truthful, and it must put quality before quantity.

### Chapter II: Evaluation, Scope, and Conditions

**Article 4:** MOFERT superior product evaluation scope:

- (a) exports produced by the economic and trade system's own manufacturing enterprises;
- (b) exports produced by joint (cooperative) production enterprises in which the economic and trade system's foreign trade companies have invested or hold shares;
- (c) exports produced by Sino-foreign joint ventures and cooperative joint ventures set up inside Chinese territories;
- (d) export produced by manufacturers outside of the above scope, regardless of their jurisdictional affiliations or economic orientation, may also participate in MOFERT's superior product evaluation process at the recommendation of the prefecture- (municipal-) level managing departments.

**Article 5:** To take part in MOFERT's superior product evaluation process, the following basic conditions must be met:

- (a) The enterprise must use national (international) advanced technologies or international standards, and the product must maintain stable quality for more than two years and is tested to have achieved advanced domestic (international) level or international standards.

(b) The product design has been finalized and is being produced in batches; it must have fairly high foreign exchange-earning capacity, has good reputation in the international market, and its export should account for more than 60 percent of its annual output or generate over \$1 million each year.

MOFERT's Evaluation Office may make exceptions and set other requirements with regard to export volume or foreign exchange earning capacity in the case of certain export goods with unique Chinese characteristics using traditional arts and crafts.

(c) The product's energy and raw material consumption, treatment of the "three wastes" (waste water, waste gas, and industrial residue), and economic efficiency should be considered advance by its own industry's standards.

(d) The product must have a registered trademark actually being used in exporting. Products using other people's registered trademarks must have permission from the trademark-registrant before participating in the evaluation process.

The Evaluation Office may make an exception under special circumstances for some export goods without registered trademarks.

(e) In terms of quantity standards, the large- and medium-sized enterprises must have reached Grade 2, and the small enterprises must have reached Grade 3.

(f) The enterprise must have implemented comprehensive quality control and have a sound quality guarantee system.

Products that meet the above basic conditions and have already been named superior products by a province, autonomous region, municipality, city with province-level economic planning authority, or other ministry-level organ; products that have received international awards; and products certified to be of quality by an internationally accredited professional organization will be given preference in the evaluation process.

### Chapter III: Evaluation Procedure and Requirements

**Article 6:** Enterprises enter their products for evaluation on a voluntary basis. Foreign economic and trade departments (committees) in the provinces, autonomous regions, municipalities, and cities with province-level economic planning authority and foreign trade bureaus (referred to as province-level economic and trade departments below) as well as foreign trade (industrial and commercial) import-export corporations (referred to as import-export corporations below) should formally submit the Schedule of Proposed Items for MOFERT's Superior Product Evaluation Plan (see Attachment 1) to MOFERT's Evaluation Office before the end of February each year.

**Article 7:** MOFERT's Evaluation Office weighs the list of proposed items submitted by the province-level economic and trade departments and import-export corporations and, after soliciting opinions from the chambers of commerce of various imports and exports, shall formally hand down the product evaluation plan before the end of April.

**Article 8:** The province-level economic and trade departments and import-export corporations should formally submit the applications according to MOFERT's evaluation plan. The application procedure is as follows:

(a) Enterprises should fill out the MOFERT Superior Product Application Form (see Attachment 2) and send it to the province-level economic and trade department or import-export corporation.

(b) The province-level economic and trade departments and the import-export corporations should assign the relevant units to examine and verify the information supplied by enterprises and fill out the Summary List of Products Submitted for MOFERT Superior Product Evaluation (see Attachment 3) and attach that to the enterprise's application form and send an official letter (in triplicates) to the Evaluation Office prior to the end of June each year.

**Article 9:** Based on the evaluation plan, MOFERT's Evaluation Office shall ask the import-export chambers of commerce to recommend experts whom, upon evaluation by the Evaluation Office, will be hired to serve as MOFERT's expert adjudicators.

MOFERT's experts adjudicators should have been in management and administrative position or have engaged in scientific research in their specific trades or businesses for some time. They should have ample practical experiences and have earned a reputation in their line of business and should generally hold high positions in their respective fields.

**Article 10:** The expert adjudicators recruited by the import-export chambers of commerce should set quality standards for each product in MOFERT's superior product evaluation plan and submit them to MOFERT's Evaluation Committee for approval before the end of June of each year. These will serve as the basis for evaluating the products.

**Article 11:** The product evaluation procedure is as follows:

(a) Based on the conditions of eligibility for evaluation, the Evaluation Office makes a preliminary examination of the product information submitted by the province-level economic and trade departments and import-export corporations to determine the list of products eligible for the evaluation process.

(b) MOFERT's Evaluation Office will notify the province-level economic and trade departments and import-export corporations of products qualified for the evaluation process and request a sample of the products from enterprises.

(c) The expert adjudicators recruited by various import-export chambers of commerce shall evaluate the quality of the products and come up with their evaluation (see Attachment 4) which should be submitted to the Evaluation Office before the end of August of each year.

(d) Based on the expert adjudicators' and the import-export chambers of commerce's opinions, the Evaluation Office conducts a comprehensive audit of how much foreign exchange the products earn, their trademarks, and

the enterprises' quantity and quality control and so on and select a number of MOFERT superior products.

(e) MOFERT's Superior Product Evaluation Committee shall convene a special meeting to examine the product list and choose the finalists. MOFERT shall formally announce the list of MOFERT superior products around September of each year (including the product names, names of the manufacturing enterprises, and the names of the trademark registrants).

**Article 12:** The province-level economic and trade departments and the import-export corporations are responsible for gathering the product samples for evaluation. The sample should be taken at random from the foreign trade (manufacturers') warehouses or at the end of the production lines. The sample must be signed and sealed by the supplying unit, and the province-level economic and trade department or import-export corporation shall put a seal on the paper strip seal and across the perforation of the packaging before submitting the sample.

Samples are provided by the manufacturers free of charge. Disposal of the samples shall be determined by the Evaluation Office elsewhere.

**Article 13:** Each submitted product must be accompanied by a test report prepared by a qualified testing center designated by the state or the industry's management department or by an import-export commodity testing organization.

Products manufactured according to special foreign specifications should attach a duplicate copy of the original contract and a test report prepared by a foreign quality testing organ or comments from the foreign importers regarding product quality.

The test report, the participating product, and the sample must be one and the same product.

**Article 14:** The province-level economic and trade departments and import-export corporations should follow this method closely when submitting products for evaluation. Products that do not satisfy the evaluation criteria and products whose information are untrue or incomplete on the application forms may not be submitted. Products that are not submitted within the period stipulated by this method may not take part in the evaluation process.

#### Chapter IV: Awards

**Article 15:** MOFERT's superior products will be awarded superior quality certificates and ribbons by MOFERT and will be recommended for participation in the state superior product award adjudication in accordance with the relevant regulations.

**Article 16:** From the day the superior product list is announced, the named products may include the MOFERT superior product label in their advertisement, manual, certificate of inspection, and inner and outer packaging or container.

**Article 17:** MOFERT will abide by the relevant regulations and give priority to helping enterprises given superior

product awards in terms of investing in technological transformation and importation of foreign technologies.

**Article 18:** Other awards for MOFERT superior products will be given in accordance with regulations promulgated by other relevant state and local departments.

#### Chapter V: Supervision, Inspection, and Penalty

**Article 19:** The import-export chambers of commerce, the province-level economic and trade departments, and import-export corporations should designate a special organ or personnel to take care of the product evaluation-related tasks. Economic departments at below province-level and import-export companies at province-level or below and manufacturers participating in product evaluation may not directly contact the Evaluation Office on evaluation-related matters.

**Article 20:** Province-level economic and trade departments and import-export corporations together with the import-export testing organs should assign relevant units to track the quality control of the local or the system's own MOFERT superior products once a year and fill out the Quality Control Report (see Attachment 5) and formally submit the report to the Evaluation Office prior to the end of February of each year. The Evaluation Office should arrange for the import-export chambers of commerce and the relevant units to sample the products sporadically.

**Article 21:** MOFERT superior product award is not a life-time award. The title is good for five years and only if the product still has permission to use the original trademark. Upon expiration, it may not continue to use the superior product title until it has been re-examined and reconfirmed or until it has been awarded the title again. Regulations on re-examination and re-evaluation will be formulated separately by the Evaluation Office.

Within the five-year period, if a MOFERT superior product's trademark is changed, it may use the title only if awarded the title again after going through the re-evaluation process according to this method.

**Article 22:** If any of the following situations should occur in a MOFERT-awarded enterprise, MOFERT shall send an internal circular and demand rectification within a given period of time; in addition, from the day the circular is issued, it must stop using the superior product label for one year as penalty:

- (a) if upon testing or sampling product quality is found to have deteriorated;
- (b) the foreign importers have complained about the product quality, and the complaints are proved valid;
- (c) abuse of the superior product label.

**Article 23:** If any of the following situations should occur in a MOFERT-awarded enterprise, MOFERT shall rescind the title awarded and retrieve the certificate and the ribbon and make a nationwide announcement, and the enterprise may not participate in MOFERT's evaluation process for a period of three years:

- (a) after the rectification period, product quality still cannot meet MOFERT's standards;

(b) the product quality problem has resulted in the enterprise paying indemnity to the foreign importer;

(c) fraud is involved in the adjudication process.

**Article 24:** Staff and personnel involved in superior product adjudication must uphold principle, conduct themselves impartially, and must not disclose any situation or information which should remain confidential. Violators will be criticized, and in serious situations, they will be handed over to the relevant departments for prosecution.

#### Chapter VI—Supplementary Articles

**Article 25:** Manufacturers applying for product evaluation must pay an evaluation fee. Specific method of fee collection and disbursement will be stipulated by the Evaluation Office elsewhere.

**Article 26:** This method is subject to the Evaluation Office's interpretation.

This method takes effect on the day of promulgation.

MOFERT 11 April 1991

#### Attachment 1

**Table 1—Proposed Items for MOFERT's Superior Product Evaluation Plan**

Name of submitting unit (seal)	Date
Product Name	Product Classification
Manufacturer's Name	Name of import-export company handling the named product
Type of Enterprise	Foreign trade system's own manufacturing enterprise Industrial and commercial joint (cooperative) production enterprise Sino-foreign joint venture (contractual joint venture) other manufacturing enterprise
Awards	year named MOFERT superior product year named provincial (prefectural, municipal) superior product year receiving international award
Product's trademark	Trademark registrant
Export situation	annual export as a percentage of annual production annual foreign exchange earning capability (in \$10,000)
Remark	Note: 1. This form should be filled out by a province-level economic and trade department or import-export corporation. Please print. Return this form to MOFERT's Comprehensive Planning Section before the end of February. 2. "Product name" should correspond to those in "Foreign Export Business Uniform Commodity List" published by MOFERT in October 1986. 3. "Product classification" should be one of the six types listed in Attachment 3. 4. "Type of enterprise"—put a check mark next to one of the four types listed.

#### Attachment 2

Line 1: Reporting unit

Line 2: Product category

Line 3: Serial number

**Application for MOFERT Superior Product Award, 19**

Name of Product Type	Chinese
	English
Trademark	Chinese
	English
Name of Trademark Registrant	Chinese
	English
Manufacturer's name (include enterprise's seal)	Chinese
	English
Date of filing:	

#### Instructions:

- Fill out this form neatly. Be especially careful with numbers (decimals, commas, and semicolons,) alphabets, and other symbols.
- The upper left corner of the cover should be filled out by the province-level economic and trade department or import-export corporation prior to submitting the form. The names of the product type and enterprise must be written clearly; give the full product name; put down the trademark name, not the graphics, and if the trademark is in graphic form, put down "graphic trademark" and attach the graphics.
- In Form 1, for "Enterprise jurisdictional relationship," fill in the name of the local management department that has jurisdiction over the enterprise or the name of the import-export corporation; for "Enterprise Scope," refer to the original State Economic Commission's Economic and Enterprise Document (1988) No. 240.

4. For products that have not yet received their production licenses, put down "license not yet issued" in the "Production License Serial Number" column in Form 2.

5. If the "Trademark Registrants" in Form 2 is not the applicant production enterprise, the agreement between the enterprise and the trademark registrant giving permission to the use of the trademark, the trademark registration certificate, and proof from the registrant consenting to the participation in the evaluation process must be submitted at the same time. If the submitted product has no trademark, put down "no trademark"; if it has a trademark but is not yet registered, put down "not registered."

6. In Form 2, "Comprehensive Quality Indicators" refer to the main product quality and work quality indicators (such as the percentages of finished goods, finished materials, qualified products, and reject and repair). Use the quarterly average for the "Verification Record" column.

7. In Form 2, for "Evaluation Unit and Date of Evaluation of Product Standards," put down the name of a national trade and industry standardization management unit (or organ) accredited by the department in charge.

8. In Form 6, documents listed in the column marked "Names of Attachments" may be duplicate copies or photocopies. Other materials truly pertinent to the application may also be attached; their serial number and names should be listed after those required by this form. All attachments must be firmly stapled to the back of the application form and put "Attachment xx" on the front page of each attachment. Number each page, beginning with the first page of the attachments.

9. If extra space is needed for any column, attach extra pages and mark "Continue from Form x Column xx" on the page.

### Form 1

Enterprise Information			
Full Address		Zipcode	
Name of organ in charge of enterprise		Name and telephone number of contact	
Enterprise jurisdictional relationship	Enterprise business registration number: Date:		
Grade Level by Quantity	Enterprise Grade	Enterprise Size: Type	
Enterprise's History of Quality Control Awards	Name of Award	Date	Enterprise implemented comprehensive quality control by accepting only qualified products in 19xx
	Provincial (municipal and prefectoral) quality control award	year and month	
	Ministry (committee and administration) quality control award	year and month	
	State quality control award	year and month	
Names of enterprise's leading product and main products:			
Attach picture of product			

### Form 2

Brief Product Description			
Appraisal Date	Date of batch production		
Awards: Received Province- (municipal-, prefecture-) or Ministry-level awards in: International awards in:			
Date production license received	production license number		
Date of State Quality Certification/Type of Certificate			
Trademark Registrant	Trademark Serial Number:		
Trademark Name			
Product standards or their equivalent	Types of Standard	Code, Number, Year, and Name of standard	Issuing Unit
		Enterprise internal control standard	
		State or industry standard	
		International or foreign standard	
Evaluation unit and date of evaluation of product standards			
Extent of internationalization: By cost: % By number of parts and components: %			

## Trade Transparency: Miscellaneous MOFERT Trade Regulations

Record of Quality Tests	Comprehensive Quality Indicators	Year Before Last				Last Year				Current Year	
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter

## [BOX 1]

Line 1: Main use and characteristics of product:  
 Line 2: Brief description of the product's development and manufacturing process (or its importation, digestion, and absorption):

Line 3: Major functional, structural, and technological improvements made to the product since production began (or since receiving award):

[END BOX]

## Form 3

## Quality Test Result and Evaluation by the Testing Organ

Name of Product Type				
Name of quality indicator	Quantity in units	International advanced standards to be met to earn foreign exchange	Evaluation basis	Test Result (substandard, par, above-standard)

Comprehensive evaluation of test results: Does the product meet international advanced standards set in the last five years. Provide conclusive opinions below:

Signature of testing unit's technical personnel in charge

seal of the testing unit

date

## Form 4

## Production, Sales, and Profitability of Product

Item	Previous Two Years		Current Year	
	19xx	19xx	First quarter	Annual plan
Annual production (unit)				
Annual output value (10,000 yuan)				
Annual profit (10,000 yuan)				
Unit output cost (yuan)				
Unit factory exit price (yuan)				
Annual domestic sale volume (units)				
Annual export volume (unit)				
Annual export supply (10,000 yuan)				
Foreign exchange earned from exporting each year (\$10,000)				

### **Production, Sales, and Profitability of Product (Continued)**

[Block1]	Major domestic sales destinations or customers
[Block2]	Major export countries (regions) or customers

## Form 5

[Block 1]	<p>Comments from the import-export company in charge of exporting the product (include information on the product's quality, its foreign exchange earning capacity, export cost and other profit factors):</p> <p style="text-align: right;"><i>company seal and date</i></p>
[Block 2]	<p>Comments from a province-level economic and trade department or import-export corporation:</p> <p style="text-align: right;"><i>seal and date</i></p>

### Form 6

## **List of Attachments**

No.	Name of Attachments	page
1.	Enterprise Business Registration	
2.	Enterprise Quantity Qualification Certificate	
3.	The submitted product's Appraisal Report	
4.	The submitted product's quality control award certificates, other superior quality award certificates, and certificates of quality from accredited international professional organizations	
5.	The submitted product's production license	
6.	The submitted product's state-class certificate of quality	
7.	The product's trademark registration, permission to use the trademark, consent from the trademark registrant to enter the product for MOFERT superior product evaluation, and picture of graphic trademark	
8.	Submitted product's standards and certificate of evaluation of the product's standards issued by the trade and industry standardization unit	
9.	Brief account of enterprise comprehensive quality control system (the quality guarantee system that guarantees the submitted product's quality under normal production conditions)	
10.	Brief account of the enterprise and the product to be evaluated and comments about the quality of the product from foreign importers)	
11.	Joint (cooperative) industrial and commercial enterprise's agreement on joint (cooperative) management or document approving the Sino-foreign joint venture (contractual joint venture)	
12.	Certificate from a manufacturing enterprise management department outside of the economic and trades system recommending the product for the evaluation process	

## Attachment 3

## Summary List of Products Submitted for MOFERT Product Evaluation

Applicant unit (seal)								Date	
Number	Name of Product Type	Name of Manufacturer	Enterprise Type	Product Category					Remarks
				Foodstuff and Native and Livestock Products	Light Industrial and Arts and Crafts	Textile	Machinery and Electronics	Minerals, Metals, and Chemicals	Medicine and Healthcare Products

Remarks: 1) This form should be filled out by a province-level economic and trade department or import-export corporation. Please print. Return to MOFERT Comprehensive Planning Section before the end of June.

2) "Enterprise Type" refers to one of the four types listed in Attachment 1.

3) For "Product Category," check the appropriate one of the six listed.

## Attachment 4

## MOFERT Superior Quality Product Evaluation

Name of product	Name of product's trademark	
Name of manufacturer	Type of enterprise	
Main use and characteristics of the product		
Points Awarded for Quality, based on different products (mark appropriate sections for the product):	Total Score	Reasons for deducting points
	score for subjective appeal	
	score for objective analysis	
	score for sanitation	
	score for packaging	

Proposal and suggestions for improving product quality

Expert adjudicator's opinion: check if the product is recommended for award; mark "x" if the product is not recommended for award.

Date of adjudication/Location of adjudication

Adjudicator's signature

Import-export chamber of commerce's opinion/chairman's signature/seal and date

Remarks: 1) This form should be submitted by the import-export chamber of commerce to MOFERT's Comprehensive Planning Section before the end of August; attach the Product Evaluation Score Form. 2) Objective analysis score and sanitation score may be based on the product testing organization's opinions.

## Attachment 5

## Follow-up Quality-Check of MOFERT Superior Products

#### Measures taken by the enterprise to guarantee product's continued quality:

Comments from the import-export testing organ in charge of the product's quality testing:

(seal) date

Comments from the import-export company exporting the product (include whether foreign importers have complained or sought indemnity because of quality problem since the product was named MOFERT superior product)

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(seal) date

---

Comments from the province-level economic and trade department or import-export corporation:

---

(seal) date

Remark: This form should be submitted by the province-level economic and trade department or import-export corporation to MOFERT's Comprehensive Planning Section before the end of February; a copy should be sent to the relevant import-export chamber of commerce at the same time.

## **Temporary Provision on the Foreign Trade Agent System—Promulgated by MOFERT on 29 August 1991**

This temporary provision has been promulgated specifically to perfect the foreign trade agent system, to define the rights and obligations of all parties, and to promote foreign trade development.

## Chapter I: General Provisions

**Article 1:** Within its approved management scope and in accordance with the state's pertinent regulations, a company or enterprise (agent) with foreign trade management right may act on behalf of another company or enterprise (principal) with foreign trade management right and handle its import-export businesses. If the agent enters into a contract with a foreign party in the name of its principal, the rights and obligations of both parties are defined by the pertinent regulations under the "General Principles of the Civil Laws of the PRC." If the agent enters into the contract in its own name, this temporary provision may be used to define the rights and privileges of both parties.

**Article 2:** A company, enterprise, institution, or individual (consignor) without foreign trade management right but

which needs to import or export commodities (including goods and technologies) must employ a company or enterprise (consignee) that has foreign trade management right in those commodities to act on its behalf according to the state's relevant regulations. This temporary provision defines the rights and privileges of both parties.

**Article 3:** The consignor and the consignee should enter into an consignment agreement on the bases of equality and mutual benefits and cooperation and harmony. The consignment agreement may not violate the state's pertinent laws and rules and regulations and must not jeopardize public interests.

**Article 4:** The consignment agreement is the basis for delineating the rights and privileges of the consignor and the consignee. If not retroactively endorsed by the principal, the actor is responsible for action taken without consignee's rights, actions that exceed consignee's rights, and action taken after consignee's rights have been terminated.

**Article 5:** The consignment agreement should be in writing and should generally include the following terms:

(a) The name, scope, description, price range, method of payment, type of currency used, and other conditions that

## Trade Transparency: Miscellaneous MOFERT Trade Regulations

should be specified regarding the product to be imported or exported by the consignee;

- (b) the scope of power entrusted by the consignor to the consignee;
- (c) the rights and privileges of both parties and the share of expenses borne by each party;
- (d) the commission and other stipulations regarding the sharing of economic benefits;
- (e) resolution of disputes;
- (f) duration of the consignee's agreement;
- (g) others.

### Chapter II: Consignor's Rights and Privileges

**Article 6:** The consignor should comply with the state's relevant laws and rules and regulations and go through the application and reporting procedure regarding the goods to be imported or exported by the consignee.

**Article 7:** The consignor should promptly explain in detail to the consignee all relevant facts concerning the goods being imported or exported on the consignor's behalf.

**Article 8:** With the consignee's consent, the consignor may participate in foreign negotiations but may not inquire about foreign prices or negotiate business on its own nor make any promise to the foreign party regarding the terms of the contract.

The consignor may not seek compensation from the consignee for damages caused by defects in the terms of the import or export contract it has agreed to previously.

**Article 9:** The consignor may not seek out the foreign party to change or revise the import-export contract on its own. Agreements to supplement or revise the import-export contract entered into by the consignor and the foreign concern on their own are invalid.

**Article 10:** The consignor must carry out its obligations in accordance with the consignment agreement and the import-export contract, including providing the consignee with the money needed for importing or the goods for exporting in a timely fashion.

**Article 11:** If the consignor's failure to comply with the terms of the consignment agreement renders it impossible to fulfill, or carry out in full, the import-export contract or causes delay or noncompliance with the terms of the contract, the consignor should compensate the consignee for payments, taxes, interests, payment of agreed commission, and contract-violation fines paid by the consignee on the consignor's behalf and must assume the consignee's subsequent obligations to the foreign concern.

**Article 12:** If for force majeure the consignor is unable to fulfill all or part of the consignment agreement, the consignee shall be relieved of all or part of its responsibilities, but the consignor must notify the consignee promptly and provide proof issued by the relevant government organs

within a reasonable period of time, so that the consignee can negotiate with the foreign concern to relieve itself of its foreign obligations.

If the consignee is nevertheless unable to avoid its foreign obligations, such obligations shall be borne by the consignor.

**Article 13:** The consignor is obligated to pay the consignee the commission in accordance with the terms in the consignment agreement and to compensate the consignee for fees, taxes, and interests paid on its behalf. The consignor's payment of import-export commission should be based on the total price of the contract multiplied by the agreed commission percentage.

**Article 14:** The consignor and the consignee should stipulate in the consignment agreement whether the export goods should be paid in RMB or in foreign currency.

### Chapter III: Consignee's Rights and Obligations

**Article 15:** The consignee enters into an import-export contract with a foreign concern in its own name in accordance with the consignment agreement and should furnish the consignor with a copy of the contract. If the consignee and the foreign concern revise or change the import-export contract, they may not violate the consignment agreement. The consignee is contractually obligated to the foreign concern and has contractual rights.

**Article 16:** When the consignee performs its duty as delegated by the consignor, it must obey the state's laws, rules and regulations, and other foreign trade management system stipulations. If the consignee cannot perform the delegated functions because of state laws, rules and regulations, and other foreign trade management system stipulations, it must explain the situation to the consignor and renegotiate the tasks to comply with the laws, rules and regulations, and foreign trade management system stipulations. In executing the terms of the agreement, the consignee is obligated to guarantee that the import-export contract terms are in compliance with China's existing laws, rules and regulations, and other management system stipulations and are in accordance with international practices and are in the consignor's interests.

**Article 17:** The consignee should provide the consignor with international market information concerning its products and should keep the consignor informed of business progress and its efforts in fulfilling its obligations.

**Article 18:** The consignee is obligated to complete all procedure required under the import-export contract.

**Article 19:** If the consignee's failure to fulfill its obligations under the consignment agreement renders it impossible to fulfill, or complete in full, the import-export contract or causes delay and noncompliance with the terms of the contract, the consignee should compensate the consignor for all losses and is responsible for all other consequences.

**Article 20:** If the foreign concern's failure to fulfill its contractual obligations renders it impossible to fulfill, or complete in full, the import-export contract or causes delay or noncompliance with the contract terms, the consignee

must promptly seek compensation from the foreign party in accordance with the pertinent articles in the import-export contract and the consignment agreement or take other remedial measures.

**Article 21:** If due to force majeures the consignee is unable to fulfill the consignment agreement in full or in part, it is relieved of all or part of its delegated responsibilities, but it should promptly notify the consignor and the foreign party and should provide proof issued by the pertinent department within a reasonable period of time.

**Article 22:** If due to force majeures the foreign concern is unable to fulfill all or part of the import-export contract or causes delay or non-compliance with the terms of the contract, the consignee should be relieved of its obligations to the consignor and should obtain proof from the relevant department and promptly inform the consignor.

#### Chapter IV: Resolution of Disputes

**Article 23:** The consignor should present all necessary documents at the time it initiates action to seek compensation. When the consignee receives the documents seeking compensation, it should promptly demand foreign compensation according to the terms of the contract signed with the foreign concern and keep the consignor informed of the progress and transfer the payment received in a timely fashion.

If because of the consignor's fault, the consignee is unable to ask for or receive compensation from the foreign concern, the loss should be borne by the consignor. If due to the consignee's fault the consignor cannot seek or receive compensation from the foreign concern, the loss should be borne by the consignee. If the consignee is not at fault in the course of seeking foreign compensation, the consignor has no right to seek compensation from the consignee in addition to the foreign concern's indemnity.

When the foreign concern seeks indemnity, the consignee should promptly relay the documents from the foreign concern seeking indemnity. Upon receiving the said documents, the consignor should deal with the compensation according to the consignment agreement. The consignee should inform the consignor of the progress made in dealing with the compensation.

If payment of compensation to the foreign concern is not made due to the consignee's fault, the consignee is held responsible to the foreign concern. If compensation is not made due to the consignor's fault, the consignee's foreign obligations should be borne by the consignor.

**Article 24:** The consignor and consignee may enter into prior agreement that, with the consignor's consent and payment for costs and with its assistance, the consignee is obligated to seek arbitration or bring suit against the foreign concern under the import-export contract. The resulting losses or benefits shall be borne or enjoyed by the consignor alone. If the consignee refuses to seek arbitration or bring suit or delays taking action, the consignor has the right to seek compensation from the consignee for any loss. If the consignor is not willing to seek arbitration or bring suit or pay the cost, the consignee may assume the costs

and the risks and seek arbitration or bring suit against the foreign concern on its own, and the resulting losses or benefits will be borne or enjoyed by the consignee.

**Article 25:** If the foreign concern seeks arbitration or brings suit against the agent, the consignee should actively engage in negotiations in accordance with the terms of the consignee's agreement and the import-export contract and should promptly notify the consignor. The consignor is obligated to assist the consignee in gathering proof and provide the necessary support and assist in the negotiations.

#### Chapter V: Supplementary Articles

**Article 26:** This provision shall take effect on the day of promulgation. This provision is subject to MOFERT's interpretation.

MOFERT 29 August 1991

#### MOFERT's Practical Method Regarding Foreign Invested Enterprises' Application for Import and Export Licenses—Promulgated by MOFERT on 5 December 1991

**Article 1:** This method has been formulated in accordance with the "Provision on the Implementation of the PRC's Sino-Foreign Joint Venture Law" and the "State Council's Regulations on Encouraging Foreign Investments" specifically to simplify the procedure for obtaining import and export licenses and to make it easier for the foreign-invested enterprises [FIE's] to engage in business here.

**Article 2:** With regard to equipment and goods and materials imported by FIE investors as part of their investment, if they are commodities managed by import licenses, such licenses may be obtained on presentation of the enterprise's detailed list of imported equipment and goods and materials. If they are not commodities managed by import licenses, customs may check and release them based on the enterprise's originally approved detailed list of imported equipment and goods and materials.

**Article 3:** Machinery and equipment, automobiles for use in production (referring to delivery trucks, special-design vehicles, and combination passenger-cargo vans), raw materials, fuel, parts, spares, components, and auxiliary parts imported by FIE's to facilitate the production of export goods (including those that require import licenses) may be imported without license. Customs shall examine and release the goods based on documents or contracts that created the FIE or on the import-export contract. The above-mentioned imported machinery and equipment, automobiles, materials, and parts are limited to use in the FIE's own production and may not be transferred or sold in the country. The imported materials and parts or goods produced with imported materials and parts may be sold in the domestic markets under special circumstances and thereupon they must go through import procedure as required by Article 4 of this provision.

**Article 4:** Within the permitted scope of the FIE's operation, machinery and equipment, automobiles for use in production, raw materials, fuel, parts, spares, components, and auxiliary parts imported by an FIE to produce goods

for domestic sale or meet domestic operational needs, if they are commodities managed by import license, a license must be obtained once every 6 months by presenting an accepted enterprise import plan. Commodities that are not managed by import license will be checked and released by customs on presentation of documents and contract approving the creation of the FIE.

**Article 5:** Nonproduction-related goods imported by an FIE for its own use and in reasonable quantity, if they are commodities managed by import license, will be issued an import license by a province-level foreign economic and trade department upon verification.

**Article 6:** For FIE's exporting their own products, if the products are commodities managed by export license, they may apply for said license once every six months by presenting the enterprises' annual export plans.

**Article 7:** For FIE's exporting their own products, if the products are within their management scope and are not commodities managed by export license, customs shall examine and release them based on the export contracts and other relevant documents.

**Article 8:** For FIE's with permission to export goods which are not their own products in order to balance their international payments, if the goods are managed by export license, said license may be obtained by presenting the state's letter of approval; if the goods are not managed by export license, customs shall examine and release them based on their export contracts and other relevant documents.

**Article 9:** FIE's applying for import-export licenses should turn to the appropriate licensing organ in charge of the product according to the classifications announced by MOFERT.

**Article 10:** This method takes effect on the day of promulgation.

MOFERT 24 January 1987

#### Foreign-Invested Enterprises

93CE0382B Beijing MOFERT COLLECTION OF REGULATIONS in Chinese Nov 92 pp 236-240, 296-323

[Selected documents: "Trade Transparency: Miscellaneous MOFERT Trade Regulations"]

**[Text] Explanations of Several Articles in the "Detailed Rules on Implementing the PRC's Law on Foreign-Invested Enterprises," Promulgated by MOFERT on 5 December 1991**

The "Detailed Rules on Implementing the PRC's Law on Foreign-Invested Enterprises" (referred to as "Detailed Rules" below) was promulgated on 12 December 1990. Pursuant to Article 87, we hereby explain the following Articles:

1. Article 8 of the "Detailed Rules" states:

"All applications to set up FIE's must be checked and approved by MOFERT before licenses are issued.

For FIE applications in the following situations, the State Council has empowered the people's governments of the provinces, autonomous regions, municipalities, cities with province-level planning authority, and SEZ's to check and approve the applications before issuing the licenses:

(a) If the total investment is within the limit set by the State Council;

(b) If no state allocation of raw materials is required and the nation's overall balance of energy resources, communications and transportation, foreign export quota will not be affected.

When the people's governments in the provinces, municipalities, autonomous regions, cities with province-level planning authority, and SEZ's approve the setting up of FIE's within the scope empowered by the State Council, they should report to MOFERT for record within 15 days after issuing the license (MOFERT and the people's governments of the provinces, autonomous regions, municipalities, cities with province-level planning authority, and SEZ's will be referred to summarily as authorizing organs below)."

Explanation: Item (a) of paragraph 2 of this Article refers to the FIE's total investment at the time it is up, which must be within the limit of the local people's government's jurisdiction as empowered by the State Council. If the FIE is to be set up in stages, the total investment should be the sum of investments added in each stage (that is, the total investment), which will be the basis for determining who has the authority to examine and approve the FIE's. No authorizing organ may deliberately reduce the total investment in order to circumvent the law on who has examination and approval authority.

2. Paragraph 1 of Article 10 of the "Detailed Rules" states, "Before submitting an FIE application, the foreign investor should report to the county- or higher-level people's government in the locality of the intended FIE with regard to the following matters":

Paragraph 2 states, "The county- or higher-level local people's governments should respond in writing within 30 days after receiving the foreign investor's report."

Explanation: The report referred to in the above two paragraphs is not the project report, and the government's written response is not an approval of the project report. Instead, the report is an inquiry from the foreign investor to the county- or higher-level people's government in the locality of the intended FIE regarding whether local conditions such as land, water, power, gas, communications and other facilities can meet FIE needs. The government's written response is on whether the investor's conditions can be met.

3. In item (e) of paragraph 1 of Article 11 of the "Detailed Rules," "foreign investor's legal documents and proof of credit worthiness" refer mainly to the foreign investor's registration as legal person in its native country or region, to the members of the board of directors, to the documents identifying the legal representatives, and to the financial statements of the most recent three years. If the foreign

investor is investing in the name of a natural person, he should furnish information on his nationality, status, vita, and financial situation and so on. If deemed necessary, the authorizing organ may ask that the above-mentioned documents and information be notarized in the investor's native country or region.

4. Paragraph 1 of Article 19 of the "Detailed Rules" states, "FIE's are limited liability companies, but if approved, they may take other forms."

Explanation: Applications submitted by foreign investors to set up FIE's in limited liability company form will be checked and approved in accordance with the State Council's provision. Applications to set up FIE's in any other form will be checked by the people's government in the province, municipality, autonomous region, city with province-level planning authority, or SEZ where the FIE will be located and then reported to MOFERT for approval.

5. Paragraph 2 of Article 21 of the "Detailed Rules" states, "An FIE's registered capital should be consistent with its operating scope; the amount of registered capital as a percentage of the total investment should be consistent with the amount stipulated in the relevant Chinese provisions."

Explanation: For the FIE's registered capital as a percentage of its total investment, one should refer to the State Administration for Industry and Commerce's "Temporary Provision on Sino-Foreign Joint Venture's Registered Capital as a Percentage of Their Total Investment."

6. Article 23 of "Detailed Rules" states, "Any increase or transfer of an FIE's registered capital must be approved by the authorizing organ, and the FIE should change its registration at a State Administration of Industry and Commerce organ."

Explanation: "Approved by the authorizing organ" refers to the original authorizing organ that approved the FIE. If increasing the FIE's registered capital (not including that resulting from reinvesting the FIE's profits) should result in an increase in its total investment which exceeds the original authorizing organ's jurisdiction, the increase in capital should be submitted to an authorizing organ with the proper jurisdiction after the original organ has approved the application. Depending on the situation, the organ with the proper jurisdiction may also delegate the original authorizing organ to examine and approve the application.

7. Article 24 of the "Detailed Rules" states, "When an FIE makes a foreign hypothecation or transfer of its assets or rights, the transaction must be approved by the authorizing organ and recorded by a State Administration for Industry and Commerce organ."

Explanation: "Foreign hypothecation" in this article refers to the hypothecation of the FIE's assets or rights to a financial institution, company, or other economic organization outside of Chinese territories.

8. Paragraph 2 of Article 26 of the "Detailed Rules" states, "With the authorizing organ's approval, a foreign investor may also contribute capital using the RMB profit earned from other FIE's set up in Chinese territories."

Explanation: A foreign investor may use such RMB profit as part or all of its capital contribution. Even if all of an FIE's registered capital is made up of the foreign investor's RMB profit, it should not affect the enterprise's nature, that is, it is still an FIE.

9. Paragraph 2 of Article 44 of the "Detailed Rules" states, "FIE's purchasing goods and materials in China are entitled to the same treatment as Chinese enterprises under equal conditions."

Explanation: This article applies to other paid services required by the FIE's in China.

At this time, "Chinese Enterprises" in this paragraph refer mainly to China's state-run enterprises.

"Equal conditions" refer mainly to whether the FIE's production and sales have been included in the state's mandatory plans, like those of the state-run enterprises.

10. Article 47 of the "Detailed Rules" states, "For machinery and equipment which are part of the foreign investor's capital contribution, if import licenses are required under Chinese regulations, the FIE may present the approved detailed list of imported equipment and goods and materials directly or through an agent to the licensing organ to obtain an import license."

Within the FIE's approved management scope, if it needs to import goods and materials for its own use or its own production needs, and if import licenses are required under Chinese regulations, the FIE should draw up an annual import plan and obtain a license from the licensing organ once every six months.

An FIE exporting goods that require export licenses under Chinese regulations should draw up an annual export plan and obtain a license from the licensing organ once every six months."

Explanation: FIE import and export undertakings should be handled according to the laws and pertinent administrative rules and regulations. That is, if the laws and regulations applicable to FIE's require them to apply for an import or export license for certain goods and materials, they must do so accordingly. If relevant Chinese laws and regulations require no import or export license for certain goods and materials (or if there are no rules or regulations), then there is no need to apply.

11. Paragraph 3 of Article 48 of the "Detailed Rules" states, "The aforementioned prices should be reported to the State Administration of Commodity Prices and the tax department for record and are subject to their supervision."

Explanation: The "aforementioned prices" in this paragraph refer to prices of goods the FIE sells in the Chinese market according to the approved sales percentage as stated in paragraph 2 of this Article [48].

12. Paragraph 2 of Article 71 of the "Detailed Rules" states, "When the FIE's discuss and decide on the issues of worker's rewards and penalties, wages, welfare, and labor protection and insurance issues, union representatives have the right to be present at the meetings. The FIE's should solicit the labor unions' opinions and seek their cooperation."

Explanation: The "right" to be present at the meetings in the Article means that on the one hand, when an FIE considers and decides on issues that concern the workers' personal interests as stipulated in paragraph 2, it should take the initiative to invite union representatives to participate. On the other hand, union representatives have the right to ask to be present at the FIE meeting. If the FIE should refuse for no good reason, the matter should be resolved through negotiations. If that fails, the union may ask the FIE managing department or MOFERT to resolve the matter or settle according to the terms in the labor contract. Union representatives only have the right to be present at the meetings to represent the workers and voice their opinions; they have no voting rights. Only the FIE has the right to decide on the pertinent matters. The FIE should seriously heed the union's advice. If an FIE is unable to follow the union representatives' advice, and if

the union or the FIE deems it necessary, the FIE should make a formal explanation. If the union thinks that the FIE decision violates relevant Chinese laws or terms of the labor contract, it may resolve the conflict through mediation, arbitration, or legal process.

MOFERT 6 December 1991

**Ministry of Foreign Economic Relations and Trade Bulletin, 1992, No. 1**

We hereby announce the list of MOFERT-approved international economic and technological cooperation companies that have foreign engineering and service cooperation contract management rights (see attachment.) Henceforth, when the relevant departments and the localities set up new companies of such nature, they should comply with the State Council's "Circular on Limitation of Power To Examine and Approve the Setting Up of Companies in the Ownership by the Whole People System" (State Council Issuance (1990) No. 69) and the pertinent MOFERT provisions and go through the examination and approval process. Companies without approval may not directly contract foreign engineering and service cooperation work.

Notice is hereby given.

28 February 1992

**List of International Economic and Technological Cooperation Companies**

Name of Company	Address	Zipcode	Fax	Legal Representative
001 Heilongjiang International Economic and Technological Cooperation Company	2 Zhongxuan Street, Nangang District, Harbin	150001	(0451) 226100	Gao Yongwen [7559 3057 2429]
002 Harbin International Economic and Technological Cooperation Company	57 Youyi Road, Harbin	150010	(0451) 413027	Zhao Shuping [6392 2885 1456]
003 Liaoning International Economic and Technological Cooperation Company	28 South Simalu Road, Heping District, Shenyang City	110001	(024) 361486	Cui Wanzhi [1508 8001 1807]
004 Shenyang International Economic and Technological Cooperation Company	76 North Erjing Street, Shenhe District, Shenyang City	110014	(024) 728645	Jiang Qi [1203 3823]
005 Dalian International Economic and Technological Cooperation Company	77 Dongbei Road, Shahekou District, Dalian City	116021	(0411) 401125	Ding Zhaoyou [0002 5128 2569]
006 Jilin International Economic and Technological Cooperation Company	10-B Xinmin Blvd., Changchun City	130021	(0431) 882225	Guan Changyu [7070 7022 3768]
007 Changchun International Economic and Technological Cooperation Company	69 Stalin Blvd., Changchun City	130061	(0431) 820320	Wei Jian [7614 0313]
008 Beijing International Economic Cooperation Company	7 South Lishi Road Toutiao, Xicheng, Beijing	100045	(01) 8013441	Tong Zisun [4547 5347 5549]
009 Tianjin International Economic and Technological Cooperation Company	103 Munan Road, Heping District, Tianjin	300050	(022) 316213	Hu Hejing [5170 3174 4842]
010 Hebei International Economic and Technological Cooperation Company	3 Zhonghua North Blvd., Shijiazhuang City	050000	(0311) 745530	Shi Hai [4258 3189]
011 Inner Mongolia International Economic and Technological Cooperation Company	24 Zhongshan West Road, Hohhot	010020	(0471) 668162	Chai Guangtian [2693 1684 3944]
012 Shanxi International Economic and Technological Cooperation Company	4 Hanxiguan Street, Taiyuan City	030002	(0351) 343286	Zhang Yousheng [1728 2569 0581]
013 Shaanxi International Economic and Technological Cooperation Company	Zhiyuan, Xian	710003	(029) 719414	Tan Jingzhi [6223 7234 0037]
014 Xian International Economics and Technology Trade Company	118 Dongdajie Blvd., Xian	710001	(029) 716734	Fu Shuanglin [0265 7175 2651]
015 Gansu International Economic and Technological Cooperation Company	84 Tianshui Road, Lanzhou City	730000	(0931) 486001	Zhang Yongsheng [1728 3057 3932]

## List of International Economic and Technological Cooperation Companies (Continued)

Name of Company	Address	Zipcode	Fax	Legal Representative
016 Ningxia Islam International Economic and Technological Cooperation Company	1 Lixin Lane, Wenhua Street, Yinchuan City	150001	(0951) 44090	Hai Juzeng [3189 1565 1073]
017 Xinjiang International Economic Cooperation Company	97 Zhongshan Road, Urumqi	830002	(0991) 217088	Jin Dapang [6855 1129 7720]
018 Xintian International Economic and Technological Cooperation Company	59 Xinmin Road, Urumqi	830002	(0991) 224778	Tian Shunfa [3944 7311 4099]
019 Sichuan International Economic and Technological Cooperation Company	15 Yongxing Lane, Chengdu	610012	(028) 677697	Chen Kehao [7115 0344 3185]
020 Chongqing International Economic and Technological Cooperation Company	12 Jianxindonglu Yicun, Jiangbei District, Chongqing	630020	(0811) 750742	Lu Shanzhao [7627 0810 2507]
021 China West Enterprise	Gaoming Building, Gaojia Garden, Wenjin South Road, Shenzhen	518002	(0755) 221327	Zhang Daifu [1728 0108 1381]
022 Chengdu International Economic and Technological Cooperation Company	8 Shaocheng Road, Shudu Blvd., Chengdu	610011	(028) 678649	Han Yuchao [7218 2948 2600]
023 Yunnan International Economic and Technological Cooperation Company	Xinminhang Road, Kunming	650041	(0871) 37663	Li Bingyan [2621 3521 1627]
024 Guangxi International Economic and Technological Cooperation Company	Jingrong Building, Block A, Minzu Blvd., Nanning City	530012	(0771) 201861	Xie Zhongping [6200 0112 1627]
025 Guizhou International Economic and Technological Cooperation Company	64, Beijing Road, Bajiaoyan Hotel, East Wing, Guiyang City	550004	(0851) 27111	Nian Chunzhi [1628 4783 1807]
026 Henan International Economic and Technological Cooperation Company	599 Dongming Road, Zhengzhou	450004	(0371) 553465	Yuan Tuohuang [5913 2148 5435]
027 Hunan International Economic and Technological Cooperation Company	189 Laodong Road, Changsha	410007	(0731) 552442	Tang Yongxing [0781 3057 5281]
028 Hubei International Economic and Technological Cooperation Company	63 Beihuan Road, Shuihuohu, Wucheng, Wuhan City	430071	(027) 714109	Gu Yuanyang [7357 6678 2254]
029 Wuhan International Economic and Technological Cooperation Company	98 Qingnian Blvd., Hankou, Wuhan City	430015	(027) 561467	Wang Jiaqi [3769 1367 7784]
030 Jiangxi International Economic and Technological Cooperation Company	10 Erqi North Road, Nanchang	330046	(0791) 226362	He Xueren [0149 1331 0088]
031 Anhui International Economic and Technological Cooperation Company	7 Shengli Road, Hefei	230011	(0551) 257469	Cai Musen [5591 2606 2773]
032 Shanghai International Economic and Technological Cooperation Company	64, 444 Alley, Urumqi North Rd, Shanghai	200040	(021) 2511687	Zhou Xiaolin [0719 2556 5259]
033 Jiangsu International Economic and Technological Cooperation Company	278 Zhongyang Road, Nanjing	210037	(025) 304526	Jiang Zhaoxin [5592 0340 0207]
034 Nanjing International Economic and Technological Cooperation Company	4 Zhongshan Road, Nanjing	210005	(025) 414028	Zhou Yuanbiao [0719 0337 2871]
035 Zhejiang International Economic and Technological Cooperation Company	Hanzhou University Professional Building, 8th Floor, 34 Tianmushan Road, Hangzhou	310028	(0571) 553898	Wang Donghua [3769 2639 5478]
036 Ningbo International Economic and Technological Cooperation Company	Mayuan Building, 4th Floor, Ningbo	315010	(0574) 363805	Sun Guoliang [1327 0948 5328]
037 Shandong International Economic and Technological Cooperation Company	15 Shipeng Street, Gongqingtuan Road, Jinan	250012	(0531) 614090	Xing Demou [6717 1795 5399]
038 Qingdao International Economic and Technological Cooperation Company	15 (Jia), Guizhou Road, Qingdao	266002	(0532) 336036	Zhou Yuansheng [0719 0337 3932]
039 Fujian International Economic and Technological Cooperation Company	59 Hualin Road, Fuzhou	350013	(0591) 578240	Zhu Jinmin [4281 6855 3046]
040 Xiamen International Economic and Technological Cooperation Company	2 Shengtian Road, Xiamen	361003	(0592) 233182	Chen Jinfu [7115 6930 4395]
041 Guangdong International Economic and Technological Cooperation Company	4 Guangwei Road, 19th Floor, Guangzhou	510030	(020) 333616	Zhang Fujun [1728 4395 6874]

## List of International Economic and Technological Cooperation Companies (Continued)

Name of Company	Address	Zipcode	Fax	Legal Representative
042 Guangzhou International Economic and Technological Cooperation Company	Zhujiang Building, East Wing, 9th Floor, 360 Huanshi East Road, Guangzhou	510060	(020) 346122	
043 Hainan International Economic and Technological Cooperation Company	Yuntong Building, 3 (Jia) Nanhang Road, Haikou	570003	(0898) 338762	Wang Yunji [3769 6663 2894]
044 Shenzhen International Economic and Technological Cooperation Company	Hangkong Building, Level 33, Shennanzhong Road, Shenzhen	518041	(0755) 361944	Shi Zhenshan [2514 2182 1472]
045 Fujian Foreign Labor Services Cooperation Company	40 Gudong Road, Fuzhou	350001	(0591) 535150	Li Wenchun [2621 7036 2504]
046 Guangdong Province Foreign Labor Services Company	88 Jiaoyu Road, Guangzhou	510030	(020) 333575	Cai Muxiu [5591 2606 4423]
047 China Wuyi Company	296 Beida Road, Fuzhou	350001	(0591) 554205	Shen Jiwu [3088 4949 2976]
048 Quanzhou International Economic and Technological Cooperation Company	Quanxiu Road, Quanzhou City, Fujian	362000	(0595) 222177	Lin Jinshan [2651 6855 1472]
049 Fuzhou International Economic and Technological Cooperation Company	Shuangfu East Building, Level 5, Gutian Road, Fuzhou City	350005	(0591) 536563	Zheng Zhiqian [6774 1597 6870]
050 Zhangzhou International Economic and Technological Cooperation Company	Foreign Trade Building, West Wing, 6th Floor, Shengli Road, Zhangzhou, Fujian	363000	(0596) 221954	Wang Yongmao [3769 3057 5399]
051 Guangzhou Zhujiang Industrial Corporation	Zhujiang Building, East Wing, 11-16th Floor, 360 Huanshi East Road, Guangzhou	510060	(020) 334848	Gu Xuehai [6581 1331 3189]
052 Weihai International Economic and Technological Cooperation Company	4 Kunming Road, Weihai City, Shandong	264200	(5451) 224345	Zhang Qiyun [1728 6386 0061]
053 Yantai International Economic and Technological Cooperation Company	17-2 Ruhuangding West Road, Yantai, Shandong	264000	(0535) 245816	Lu Daoyou [0712 6670 4368]
054 Heilongjiang International Engineering and Technological Cooperation Company	34 Liaoyang Street, Harbin	150001	(0451) 337700	Han Shoude [7281 1343 1795]
055 Heihe International Economic and Technological Cooperation Company	30 Guandu Road, Heihe City	164300	(0456) 3950	Sun Zhenjie [1327 2182 2638]
056 Mudanjiang International Economic and Technological Cooperation Company	Jingfu Street, Mudanjiang	157000	(0453) 23244	Li Zixiang [2621 5261 4382]
057 Qiqihar International Economic and Technological Cooperation Company	66 Yongan Blvd., Qiqihar	161005	(0452)	Ye Yongqi [0673 3057 1477]
058 Jiamusi International Economic and Technological Cooperation Company	Guangfu Road, Jiamusi	154002	(0454) 49545	
059 Harbin Railroad Bureau Foreign Economic and Technological Cooperation Company	167 Xidajie Blvd., Nangang District, Harbin	150006	(0451) 321794	Liu Bingjun [0491 4426 0689]
060 Yanbian Foreign Economic and Technological Cooperation Company	28 Henan Street, Yanji City, Jilin	133001	(0433) 522267	Li Wenbin [2621 2429 2671]
061 Hulun Buir International Economic and Technological Cooperation Company	100 East Shengli 3 Road, Hailarhe East, Inner Mongolia Autonomous Region	021008	21983	Wu Xingtian [0702 5281 3944]
062 China Metallurgical Construction Company	46 Dongsi West Blvd., Beijing	100711	4219166	Wang Chengyi [3769 2110 5030]
063 China Road and Bridge Construction Corporation	3 Waiguan Street, Anwai [Andingmenwai], Beijing	100011	4217849	Zhu Zhenliang [2621 2182 5328]
064 China Harbors Construction Corporation	9 Chunxiu Street, Dongzhimenwai, Beijing	100027	5663260	Huang Jiaquan [7806 0159 2938]
065 China Civil Engineering Corporation	4 Beifengwo, Haidian, Beijing	100038	3263864	Wang Guoqing [3769 0948 0615]
066 China Great Wall Industrial Company	21 Huangsi Blvd., Xicheng, Beijing	100011	8373155	Tang Jinan [0781 3160 1344]

## List of International Economic and Technological Cooperation Companies (Continued)

Name of Company	Address	Zipcode	Fax	Legal Representative
067 China Overseas Engineering Corporation	Jingxin Building, Level 15-17, 2 Dongsanhuan North Road (Jia) Beijing	100027	4662812	Kong Fanji [1313 4907 3825]
068 China International Water and Electricity Corp.	Liupukang, Xicheng, Beijing	100011	4014075	Zhu Jingde [2621 2417 1795]
069 China National Chemical Engineering Corporation	Liupukang, Xicheng, Beijing	100723	2029873	Lu Deyang [6424 1795 2799]
070 China National Chemical Construction Corporation	16, 7 Qu, Hepingli, Beijing	100013	4215892	Liu Mingyou [0491 2494 0645]
071 China Construction Engineering Corporation	Bawanzhuang, Beijing	100835	8314326	Ma Tinggui [7456 2185 6311]
072 China Ruibao Development Company	1 Yuetan North Road Dongkou Jia, Beijing	100045	8012393	Hou Zhizhong [0186 1807 1813]
073 China Broadcast and Television International Economic and Technological Cooperation Company	9 Zhenwumiao Ertiao, Fuxing-menwai Blvd., Beijing	100861	8315564	Qi Yongyi [J7871 3057 3015]
074 China International Offshore Petroleum Engineering Company	10 Yuetan North Avenue	100861	8315564	Hu Yicheng [5170 0110 2525]
075 China International Technological and Intellectual Cooperation Company	15 Guanghua Lane, Jianguomenwai Blvd., Beijing	100020	5002331	Chen Weili [7115 0251 0500]
076 China Petrochemical International Undertakings Company	6 Huixin East Street (Jia), Chaoyang District, Beijing	100029	4216972	Yang Shushan [2799 2885 2619]
077 China Medical and Health Technology International Cooperation Company	44 Houhaibeiyuan, Xicheng, Beijing	100725	4012142	He Hongming [0149 7703 2494]
078 China Electronics Import and Export Corporation International Economic Cooperation Company	41 Fucheng Road, Beijing (Beijing PO Box 176)	100036	8314178	Zhang Xiuqi [1728 4423 1477]
079 China Light Industry Foreign Economic and Technological Cooperation Company	25 Andingmenwai Xibinghe Road	100011	4226494	Liu Guanghua [0491 0342 5478]
080 China Geological Engineering Company	20 Dahuisi, Haidian, Beijing	100081	8311639	Tian Zhanbao [3944 0594 7663]
081 Everbright International Economic and Technological Cooperation Company	150 Guliu West Blvd., Beijing	100009	4012696	Li Zuyuan [2621 4371 0955]
082 China Commercial Foreign Economic and Technological Cooperation Company	49 Fuxingmennei Blvd., Beijing	100031	6016119	Wang Muen [3769 3092 1869]
083 China International Exhibition Construction Co. Ltd.	Xinghua South Road, Huangcun, Daxing County, Beijing	102600	4081604	Yue Zhude [1471 4371 1795]
084 China Correspondence Construction Corporation	22 Yuyou Hutong, Xicheng, Beijing	100035	6024013	Chen Peiyuan [7115 1014 0955]
085 China Agriculture, Livestock, and Fisheries International Cooperation Company	56 West Sizhuanta Hutong, Beijing	100810	6024548	Bai Fugeng [4101 4395 5087]
086 China Aquatic Products Allied Corporation	31 Minfeng Hutong, Xidan, Beijing	100032	6012808	Zhang Yanxi [1728 1693 0823]
087 China International Engineering and Materials Company	1 Banbi Street South Road (Jia), Haidian	100081	8419624	Shao Yongcun [6730 3057 1317]
088 China National Aero-Technology Import-Export Corporation's Contract Construction Engineering Company	5 Liangguocheng, Meishuguan Houjie, Beijing	100010	4015381	Xie Guochao [6200 0948 6389]
089 China Marine Engineering Service Co. Ltd.	2 Yanjing West Lane, Chaoyang-menwai Blvd., Beijing	100025	5019927	Zhu Jinao [4281 6855 7663]
090 China Forestry International Cooperation Company	18 Hepingli East Street, Beijing	100714	4214625	Cheng Zhimin [4453 1807 3046]
091 China Wanbao Engineering Company	7 Yuetan South Street, Beijing	100045	8033236	Zhao Jiazheng [6392 1367 6927]
092 China Nonferrous Metals Industry Foreign Engineering Company	12 Fuxing Road Yi, Beijing	100814	8015364	Sun Shuhua [1327 2885 5478]

## List of International Economic and Technological Cooperation Companies (Continued)

Name of Company	Address	Zipcode	Fax	Legal Representative
093 Guohua International Engineering Contract Company	12 Wanshou Road Jia, Beijing	100036	8213174	Wang Jun [3769 6511]
094 China Coal Overseas Development Company	8 Xiaguang Lane, Sanyuanqiao, Beijing	100016	4082392	Hou Yan [0186 2518]
095 China Machinery Foreign Economic and Technological Cooperation Company	Xiyuan Hotel, Erligou, Beijing	100046	8313388	Zhang Junxian [1728 0193 6343]
096 China Seamen Foreign Technological Service Company	3 Qu, Anhua West Lane, 15th Floor, Andingmenwai, Beijing	100011	4219708	Sun Kepei [1327 0668 3099]
097 China Textile Industries Foreign Economic and Technological Cooperation Company	75 Chaoyangmen Blvd.	100010	4012139	Yang Chengkai [2799 0015 1956]
098 China Real Estate Development Corporation	8 South Lane Cuiwei Road, Beijing	100036	8311379	Zhang Yaozong [1728 5069 1350]
099 China Petrochemical Engineering Construction Company	Liupukang, Beijing	100724	2010844	Shan Yongfu [0830 3057 5958]
100 China Construction Materials Foreign Economic and Technological Cooperation Company	9 Sanlihe Road, Beijing	100831	8313945	Sun Guhai [1327 3768 3189]
101 China Sida International Economic and Technological Cooperation Company	Huizhong Hotel, 120 Zhushikou Blvd., Beijing	100050	3011508	Chen Wentong [7115 2429 6639]
102 China Tianheng International Economic and Trade Cooperation Company	13 Yumin Road, Chaoyang District, Beijing	100029	2032588	Liang Zhongyong [2733 0022 1661]
103 China International Computer Software Engineering Company	12 Fuxing Road Yi, Beijing	100814	8015364	Qian Nankai [6929 0589 1956]
104 China Zhongyuan Foreign Engineering Company	43 Fucheng Road, Beijing	100037	8416616	Fan Qilin [2868 0823 2651]
105 China International Engineering Consulting Company	32 Chegongzhuang West Road, Beijing	100044	8415456	Shi Qirong [4258 0796 2837]
106 China Athletics International Economic and Technological Cooperation Company	9 Tiyu Road, Beijing	100763	7018625	Zhou Paian [4126 1014 1344]
107 China Foreign Construction Material and Equipment Corporation	14 Fuchengmenwai Blvd., Beijing	100037	8311660	Yang Wensheng [2799 2429 3932]
108 China Oceanic Aviation Company	30 Cuiwei Road, Beijing	100036	8214672	Sun Liren [1327 0448 0086]
109 China Air Harbor Construction Corporation	66 Wanquanhe Road, Beijing	100086	2566711	Zhou Rongjun [0719 2837 0193]
110 China New and Developing Engineering and Construction and Real Estate Development Corporation	22 Taiping Road, Beijing	100036	8218131	Bai Zhongqi [2672 6988 4388]
111 China Foreign Construction Corporation	9 Sanliehe Road, Beijing	100835	8394097	Fu Renzhang [9265 0088 4545]
112 China Kaicheng International Engineering Company	12 Xinjian Hutong, Xicheng, Beijing	100031	6013619	Wu Zhiqiang [0702 1807 1730]
113 China Huitong (Group) Corporation	39 Xueyuan South Road, Beijing	100081	8323944	Chen Youqing [7115 0645 3237]
114 Northwest Coal Mining Engineering Company	6 Minyi Street, Harbin	150001	321646	Li Shuwen [2621 2885 2429]
115 China Precision Machinery Import-Export Company	22 Fucheng Road, Beijing	100036	8311657	Zhang Tong [1728 6639]
116 China Jiaoyuan International Economic and Technological Cooperation Company	51 Ganmian Hutong, Dongcheng District, Beijing	100010		Wang Ronghua [3769 2837 5478]
117 China International Enterprise Cooperation Company	62 Xueyuan South Road, Haidian, Beijing	100081	8322531	Yin Zilie [3009 1311 0441]

The following companies also handle foreign economic and technological cooperation business as a sideline:

**List of International Economic and Technological Cooperation Companies (Continued)**

Name of Company	Address	Zipcode	Fax	Legal Representative
118 China Chemical Engineering Import and Export Corporation	Erligou, Beijing	100044	8316019	Zheng Dunxun [6774 2415 6064]
119 China Instruments Import and Export Corporation	Erligou, Beijing	100044	8315925	Yue Jixian [1471 4949 0341]
120 China Machinery Import and Export Corporation	Erligou, Beijing	100044	8314143	Luo Kaifu [5012 7030 1381]
121 China Technology Import and Export Corporation	Erligou, Beijing	100044	8316696	Tong Changyin [0157 1603 0603]
122 China Foreign Trade Transport Company	Jiuling Building, 21 West San-huan Road, Beijing	100081	8415301	Liu Fulin [0491 4395 7792]
123 China Ocean Shipping Company	6 East Zhangan Street, Beijing	100740	5122408	Liu Songjin [0491 2646 6855]

The above companies are not listed in order.

**MOFERT's Supplementary Provisions on the Method of Confirming and Evaluating Foreign-Invested Export-Producing Enterprises and Advanced Technology Enterprises—Promulgated by MOFERT on 2 February 1992**

In order to further improve the system of confirming and evaluating the two types of enterprises, the following provision will supplement MOFERT's "Method of Confirming and Evaluating Foreign-Invested Export-Producing Enterprises and Advanced Technology Enterprises" promulgated on 27 January 1987:

**Article 1:** Except as specified in paragraph 2 of Article 5 of this supplementary provision, all foreign-invested enterprises (FIE's) applying to be confirmed as export-producing enterprises or advanced technology enterprises (referred to collectively as the two types of enterprises below) must be enterprises producing tangible goods.

**Article 2:** Organs responsible for examining and confirming the two types of enterprise are the Ministry of Foreign Economic Relations and Trade (referred to as MOFERT below) and the economic relations and trade departments in the provinces, autonomous regions, municipalities, cities with province-level planning authority, and SEZ's (referred to as province-level examination and confirmation organs). MOFERT may delegate power, in writing, to the province-level examination and confirmation organs to evaluate the two types of enterprises it has approved and confirmed. Enterprises set up by units under various departments, commissions, and administrations of the State Council should be confirmed and evaluated by MOFERT. MOFERT may also delegate power, in writing, to the departments, commissions, and administrations under the State Council to examine and confirm or evaluate them.

If, because there are too many local export-producing enterprises, a province-level examination and confirmation organ indeed must delegate some of the confirmation and evaluation tasks to a lower-level economic and trade department, it must obtain MOFERT's approval.

**Article 3:** After an FIE registers with and obtains the business license from an Administration for Industry and

Commerce organ, it may then apply to be confirmed as one of the two types of enterprises. The examination and confirmation organ may approve the application based on the Sino-foreign joint venture or contractual joint venture contract, the FIE application, and the project feasibility study report and so on, or it may give its approval based on the enterprise's actual achievement since production began, its use of advanced technologies and other relevant matters, and its contract performance and so on.

**Article 4: Evaluation of Export-Producing Enterprises**

1. An FIE confirmed to be export-producing enterprise should apply to the examination and confirmation organ for evaluation within 90 days of completing the first calendar year after production began, and beginning from that year and before the end of March of each year, it should submit to the examination and confirmation organ the actual export schedule and its annual foreign exchange balance sheet.
2. The enterprise's foreign exchange operating surplus for the current year refers to the foreign exchange operating income in excess of that year's foreign exchange operating expenditure, not including the balance carried forward from the previous year.
3. If an enterprise's output value is calculated based on the actual factory-exit price of its domestic and foreign sales of the same type of product during the same period and there are no other domestic sales price that can be used for comparison purpose, then the output value of the export goods is their earned foreign exchange converted into RMB based on the foreign exchange transfer-in closing rate posted by the foreign exchange regulation center in the locality of the enterprise on the day the foreign exchange is received.

If an enterprise contracts to process foreign-supplied materials and a foreign trade company procures that enterprise's products for export or delegate that enterprise to process goods for export, the enterprise's export output value should be calculated in the following way: When contracting to process foreign-supplied materials, only the wages should be figured into the output value. For export

goods procured from the enterprise by a foreign trade company for export or for export goods the foreign trade company asked the enterprise to process for export, the export output value is calculated based on the product's factory-exit price plus the processing fee, using the actual quantity of export which the foreign trade company can attest to. Domestic sale of products settled in foreign exchange cannot be included in the enterprise's export value.

The above provision applies when evaluating the export-producing enterprises' export value and does not change the scope or the definitions in the existing system of compiling FIE export statistics.

4. Once a year, when the examination and confirmation organ evaluates the export-producing enterprise, it should consult the financial, tax, foreign exchange control, customs and other departments of the people's government at its own level.

**Article 5: Confirmation and Evaluation of Advanced Technology Enterprises**

1. Advanced technology enterprises should have the following qualifications:

- (a) They generally should be in a business or project that the state encourages foreign investors to invest in.
- (b) They should adopt appropriate and advanced international techniques and equipment to produce goods that are considered newly developed in this country or are indeed advanced in terms of quality and technical functions compared to the same or similar products in this country.
- (c) They should generally have signed technology transfer contracts, or their joint venture or contractual joint venture contracts should contain stipulations on technology transfer and specify the details on technology transfer, technical and product specifications, technology transfer procedure, time allowed to reach the technical and product specifications, and the extent to which the parts and components will be Chinese-made.

Ordinary processing projects whose imported machinery and equipment can perform better and are more efficient than domestic equipment or projects that mainly engage in the assembly of imported parts cannot be classified as advanced technology enterprises.

2. If an advanced and new technology development project indeed utilizes advanced technologies, even though no tangible product is being produced, application may be submitted for advanced technology enterprise classification.

3. The confirmation and evaluation of advanced technology enterprises are conducted by the enterprise and industry managing departments or science and technology departments organized by the examination and confirmation organ, or the industry managing department may be

asked to recruit experts to make the evaluation and prepare a report, and then the enterprise may be examined and confirmed on that basis.

4. An FIE confirmed to be an advanced technology enterprise should apply to the examination and confirmation organ for evaluation within 90 days of completing the first calendar year after production began. The applicant should furnish the examination and confirmation organ with a detailed report on enterprise production, sales and management, actual progress in technology transfer, product quality, and progress in turning the products into Chinese products.

5. Once qualified as advanced technology enterprise, except where the examination and confirmation organ deems necessary to re-evaluate the enterprise, generally there is no need to apply for evaluation every year.

**Article 6:** In the evaluation of the two types of enterprises, besides evaluating the required items, the investors' effort to fulfill the contract should also be considered. The investors' or enterprises' serious breach of contract or violation of contract terms or failure to keep their investment promises will be grounds for disqualification.

**Article 7:** Enterprises seeking to be confirmed the two types of enterprises after production has begun may be evaluated and confirmed at the same time.

**Article 8:** The two types of enterprises that failed the evaluation 3 years in a row will have their titles rescinded.

**Article 9:** The examination and confirmation organ should submit a list of enterprises of the two types that qualified or did not qualify in that year's evaluation process to the financial department, tax department, customs, banks, land administration bureau and other departments at its own level before 31 May of each year.

**Article 10:** The province-level examination and confirmation organ should submit the list of confirmed two types of enterprises in the previous year to MOFERT for record prior to 31 January of each year and submit results of the evaluation in the previous year prior to 31 May and also send the list of enterprises that failed to qualify for three years in a row, so that their titles can be removed (attach confirmation and evaluation schedules).

**Article 11:** In the event of contradiction between the "Practical Measures for Confirming and Evaluating Foreign-Invested Export-Producing Enterprises and Advanced Technology Enterprises" and this supplementary provision, this supplementary provision shall prevail.

Attachments:

- 1. Schedule 1 of Export-Producing Enterprise and Advanced Technology Enterprise Confirmation Record
- 2. Schedule 2 of Export-Producing Enterprise and Advanced Technology Enterprise Confirmation Record
- 3. Two Kinds of Enterprises Evaluation Record.

MOFERT 2 March 1992

**Attachment 1—Schedule 1 of Export-Producing Enterprise and Advanced Technology Enterprise Confirmation Record**

Enterprise Name	
<b>Export-Producing Enterprises</b>	
<b>Subtotal</b>	
<b>Advanced Technology Enterprises</b>	
<b>Subtotal</b>	

**Attachment 2—Schedule 2 of Export-Producing Enterprise and Advanced Technology Enterprise Confirmation Record**

Enterprise Name	
Confirmed as:	Export-Producing Enterprise/Advanced Technology Enterprise
Method of Cooperation	Joint Venture/Contractual Joint Venture/ Wholly Foreign-Owned
Investor's Nationality:	
Total Investment (unit: \$10,000)	
Date of Approval	Duration of Operating:
Date Confirmed as Two Types of Enterprises	year and month
Date Production or Operation Began	year and month
Management Scope and Production Scale	
Important Technologies and Equipment Brought In (To be filled out by Advanced Technology Enterprises only)	
Export Products and Percentages	

## Evaluation Record of the Two Types of Enterprises

**PRC Ministry of Foreign Economic Relations and Trade Circular—No. 2 1992**

To better serve the policy of reform and opening up and make our foreign economic and trade policies, rules and regulations, and system more clear, decision has been made to abolish 122 MOFERT internal administrative documents.

Notice is hereby given

Attachment: List of Abolished MOFERT Internal Administrative Documents.

MOFERT 26 March 1992

Attachment

**List of Abolished MOFERT Internal Administrative Documents**

1. Circular on Changing the Provision Pertaining to the Foreign Trade Companies' Existing Method of "Using Exports To Counter Imports [YICHUDINGJIN [0110 0427 7307 6651]" (84) MOFERT Planned Exchange Code, No. 124, 27 March 1984).
2. Circular on the Continued Application of the Supplementary Provision on Using Foreign Exchange Prices To Settle Accounts for Some Commodities When "Using Exports To Counter Imports" (84) MOFERT Planned Exchange Code, No. 589, 2 August 1986).
3. Circular on Using Foreign Exchange Prices To Settle Accounts for Some Commodities When "Using Exports To Counter Imports" (86) MOFERT Planned Exchange Code, No. 669, 16 August 1986).
4. Circular on Publishing the "Supplementary Explanations on Managing Export-Earned Foreign Exchange" (88) MOFERT Planned Exchange Code, No. 822, 10 May 1988).
5. Circular on the Method of Verifying and Delivering the Foreign Exchange Base To the Central Authorities by 15 Types of Export Commodities Centrally Managed by the State (88) MOFERT Planned Exchange Code, No. 1648, 13 September 1988).
6. Circular on the Steadfast Implementation of the State Council's Decision To Stabilize the Procurement Prices of Export Commodities (MOFERT openly circulated telegraph No. 2161, 25 August 1987).
7. Circular on Setting Maximum Procurement Prices for Exported Dried Qiangwei and Pickled Juecui and Others (87) MOFERT Pricing Code, No. 882, 12 June 1987).
8. Circular on Setting Maximum Procurement Prices for 10 Types of Exported Chemicals, Including Sebacic Acid (87) MOFERT Pricing Code, No. 490, 30 April 1987).
9. Circular on Strengthening the Procurement Price and Market Management of Mink Pelts (87) MOFERT Pricing Code, No. 2090, 18 Nov 1987).
10. Circular on Setting Maximum 1991 Procurement Price for Walnut (Meat) (1991) MOFERT Planned Development Code, No. 554, 9 September 1991).
11. Circular on Setting Maximum Procurement Price for Honey (1991) MOFERT Planned Development Code, No. 136, 26 February 1991).
12. Circular on Setting Maximum 1991 Procurement Price for Exported Hog Bristle (1991) MOFERT Planned Development Code, No. 72, 1 February 1991).
13. Circular on Setting Maximum 1991 Procurement Price for Pork Stomach Lining Products (1991 MOFERT Planned Development Code, No. 72, 4 February 1991).
14. Circular on the Setting of Procurement Price for 1991 Autumn-Flood Prawns (openly circulated telegram No. 2599, 7 September 1991).
15. Trial Measures for Compiling Statistics in the Processing of Foreign-Supplied Materials and in Assembly and Processing Work in Foreign Trade (78) Comprehensive Trade Statistics Code, No. 311, November 1978).
16. Circular on the Method of Compiling Statistics on Importing Through Agents (80) Comprehensive Trade Statistics Code, No. 5, January 1980).
17. Method of Compiling Statistics on Processing and Assembly and Small- and Medium-Sized Compensation Trade (80) February 1980, Comprehensive Trade Statistics Code, No. 37, February 1980).
18. Supplementary Provision on Compiling Statistics on Foreign Imports ((80) Comprehensive Trade Statistics Code, No. 178, March 1980).
19. System of Compiling Foreign Trade Statistics (80) Comprehensive Trade Statistics Code, No. 764, November 1980).
20. Several Supplementary Provisions on the System of Compiling Foreign Trade Statistics (82) MOFERT Statistics Code, No. 419, 11 August 1982).
21. Part 2 of Several Supplementary Provision on the System of Compiling Foreign Trade Statistics (83) MOFERT Statistics Code, No. 571, 25 August 1983).
22. The System of Compiling Foreign Trade Statistics (85) MOFERT Statistics Code, No. 693, August 1985).
23. Circular on Provision To Revise and Supplement the System of Compiling Foreign Trade Statistics (87) MOFERT Statistics Code, No. 1188, February 1987).
24. Temporary Provision on the Method of Compiling Foreign Trade Statistics ((88) MOFERT Statistics Code, No. 1358, July 1988).
25. Several Provisions on Strengthening the Planned Management of the Export of Commodities Named in the Foreign Trade Plan ((89) MOFERT Planned Export Code, No. 29, 7 January 1989).
26. Circular on Publishing "Several Provisions on the Management of Commodities Named in the Foreign Trade Plan" (89) MOFERT Planned Export Code, No. 1003, 28 May 1988).

27. Circular on publishing "Several Provisions on the Management of Commodities Named in the Foreign Export Plan" (89) MOFERT Planned Export Code, No. 1463, 13 August 1988).

28. Circular on the Division of Labor in the Management of Nonferrous Metal Products (84) MOFERT Import Export Code 3 No. 1071, 27 September 1984).

29. Suggestions on Creating a Coordinating Group for the Export of Corn (84) MOFERT Import-Export Code 2 No. 1276, 4 October 1984).

30. On the publication of "Temporary Provisions on Strengthening the Management and Administration of Export Commodities" (84) MOFERT Import-Export Code 2 No. 269, 19 March 1984).

31. Request for Instructions on Revising the Tourist Department's Pertinent Regulations on Accepting Small Orders of \$50,000 From Tourists (84) MOFERT Import-Export Code 2 No. 286, 26 February 1984).

32. Circular on Provisions Pertaining to Several Guangzhou Trade Fair-Related Issues (85) MOFERT Import-Export Code 6 No. 1006, 27 September 1985.)

33. On publishing the "Circular on Several Issues Pertaining to Strengthening Export Commodity Management and Administration and Coordination of Foreign Tasks" (85) MOFERT Import-Export Code 2 No. 216, 25 March 1985).

34. Circular on Several Provisions Pertaining to the Management of the Two Yarns and Two Cloths at the Autumn Trade Fair (85) MOFERT Import-Export Code 2 No. 877, 5 October 1985).

35. Circular on Handing Down the "Temporary Measures for Managing the Export of Commodities to Hong Kong and Macao by Quota" (86) MOFERT Import-Export Code 2 No. 1380, 24 November 1986).

36. Circular on Handing Down the "Temporary Measures for Managing the Development of New Products for Export in Foreign Trade" (86) MOFERT Import-Export Code 2 No. 938, 8 October 1986).

37. Circular on the Issue of Revising the Management of Some Export Commodities (86) MOFERT Import-Export Code 2 No. 1650, 2 January 1987).

38. Circular on Stibium Export Management ((87) MOFERT Import-Export Code 3 No, 1527, 11 September 1987).

39. Circular on Managing the Export of Cotton Waste and Ungraded Cotton (87) MOFERT Import-Export Code 2 No. 1511, 31 August 1987).

40. Provision on Export Management of Light Industrial Product, Handicraft, and Garment Pilot Projects (88) MOFERT Import-Export Code 2 No. 1811, 29 October 1987).

41. Circular on Publishing the "Measures on Examining and Approving Various Small-Scale Export Commodities Trade Fairs Held in This Country" (88) MOFERT Import-Export Code 6 No. 790, 27 March 1988).

42. Circular on Approving and Relaying the Chinese Textile Goods Import and Export Chamber of Commerce's "Measures on Coordinating and Managing the Export of Ramie and Gauze" and "Method of Centralizing All Foreign Transactions in Ramie and Gauze" (89) MOFERT Import-Export Export Code, No. 1060, 19 October 1989).

43. Circular on Publishing the Measures for Managing the Export of Commodities to Hong Kong and Macao by Quota (89) MOFERT Import-Export Code 2 No. 59, 6 January 1989).

44. Circular on Publishing the "Measures for Managing the Export of Rubber Goods for Medical Use" (89) MOFERT Import-Export Export Code, No. 1436, 22 December 1989).

45. Circular on Relaying the "Measures for Coordinating the Management of Carpet Exports" (90) MOFERT Import-Export Export Code, No. 286, 7 April 1990).

46. Circular on Publishing the "Measures for Managing the Export of Tungsten Ores and Tungsten Products" (90) MOFERT Import-Export Export Code, No. 58, 7 January 1990).

47. Circular on the Measures for Managing the Export of Ginseng and Pilose Antlers (90) MOFERT Import-Export Export Code No. 553, 6 February 1990).

48. Circular on Relaying the "Measures for Coordinating the Export Management of Hog Bristle" (90 MOFERT Import-Export Export Code, No. 552, 21 May 1990).

49. Circular on Relaying the "Measures for Coordinating the Export Management of Goat Skin, Raw Pig Skin, and Rawhide" and "Measures for Coordinating the Export Management of Mink Pelts" (90) MOFERT Import-Export Export Code, No. 553, 28 May 1990).

50. Circular on Relaying the "Measures for Coordinating the Export Management of Categories Two and Three Commodity Grain and Oil" (90) MOFERT Import-Export Export Code, No. 812, 3 July 1990).

51. Circular on Modifying the List of Category 1 Imported Commodities (89) Import-Export Import Code, No. 389, 13 April 1989).

52. Circular on the Implementation of Centralized Management of Cotton Import (89) Import-Export Import Code, No. 121, 24 February 1989).

53. Circular on Publishing the "Grain Import Management Measures" (89) Import-Export Import Code, No. 235, 23 March 1989).

54. Circular on Publishing the "Chemical Fertilizer Import Management Measures" (89) Import-Export Import Code, No. 233, 3 April 1989).

55. Circular on Publishing the "Steel Import Management Measures" (89) Import-Export Import Code, No. 185, 1 April 1989).

56. Circular on Publishing "Measures for Managing the Import of Crude Oil, Petroleum Products, Rubber, Pesticides, Plastic Ground-Cover Material, Edible Sugar, Polyester, and Acrylic and Other Synthetic Fibers" (89) Import-Export Import Code, No. 187, 1 April, 1989).

57. Circular on Publishing the "Lumber Import Management Measures" (89) Import-Export Import Code, No. 184, 1 April 1989).

58. Circular on publishing "Several Provisions on Further Strengthening the Management of Wool Import" (89) Import-Export Import Code, No. 491, 15 June 1989).

59. Circular on publishing the "Measures for Managing the Placing of Order for Imports Through a Central Agent" (88) Import-Export Code 5 No. 773, 5 June 1988).

60. MOFERT, State Planning Commission, and Administration of Exchange Control Circular on "Localities and Departments Using Their Own Foreign Exchange To Issue Letter of Guarantee When Ordering Imported Goods" (87) Import-Export Code 4 No. 1758, 24 November 1987).

61. Temporary Provisions on Matters Related To Importing Commodities Priced by Agents (86) Import-Export Code 5 No. 216, 23 August 1986).

62. Supplementary Circular on the Provision to Strengthen the Management of Wool Import (86) Import-Export Code 5 No. 1245, 17 October 1986).

63. MOFERT and General Administration of Customs' "Provision on Strengthening the Management of Wool Import" (86) Import-Export Code 5 No. 522, 9 September 1986).

64. Supplementary Circular on No. 522 (86) Import-Export Code 5 No. 1245, 17 October 1986).

65. MOFERT and Bank of China's "Circular Reiterating that Foreign Consignment Sales Are To Be Undertaken Centrally by the Foreign Trade Companies" (82) Import-Export Code 5 No. 210, 24 June 1982).

66. Circular on Strengthening the Management of Imported Commodities (81) Import Management Code, No. 352, 9 November 1981).

67. Circular on the Temporary Revision of Some Items in the Trial Import Management Measures (81) Import Management Code, No. 293, 18 August 1981).

68. Supplementary Circular on Allowing Foreign Exchange Retention on Commissions and Kick-Backs Received by Foreign Trade Import Businesses (81) Comprehensive Import Code, No. 122, 13 April, 1981).

69. Import-Export Commission and Foreign Trade Ministry's Publication of "Trial Foreign Import Management Measures" and "Trial Local Foreign Import Management Measures" (81) Export Code 3 No. 383, 26, August 1980).

70. Circular on Publishing the "Measures for Managing the Supply of Fresh and Frozen Commodities To Hong Kong and Macao by Quota" (81) Export Code 3 No. 412, 27 July 1981).

71. Temporary Measures for Managing the Export of Commodities to Hong Kong and Macao by Quota, (86) MOFERT Import-Export Code 2 No. 1380, 24 Nov 1986).

72. Circular on Strengthening the Management of Export of Vegetables to Hong Kong and Macao (87) MOFERT Import-Export Code 7 No. 932, 9 June 1987).

73. Foreign Trade Ministry's Circular on Transport Work in the Processing and Assembly and Small and Medium-Sized Compensation Trade (80) Trade Transport Code, No. 725/795, 26 September 1980).

74. Circular on the Management of Secondary Ammonia Tungstate and Tungsten Acid Exports to the United States by Export License (87) MOFERT Import-Export Code 1 No. 2027, 6 November 1987).

75. Measures for Administering the Examination and Approval of Economic and Trade Fairs Held Overseas (89) MOFERT Import-Export Investment Code, No. 160, 8 March 1989).

76. Temporary Provision on Strengthening the Management of Export Advertisement and Publicity Work (89) MOFERT Import-Export Comprehensive Code, No. 829, 8 August 1989).

77. Circular on the "Trial Foreign Trade Import Management Measures" and "Trial Local Foreign Trade Management Measures" (80) Trade Import Management Code, No. 383, 26 August 1980).

78. Foreign Trade Ministry's "Circular on Controlling the Import of Compact Electronic Computers" (80) Import Management Code, No. 490, 8 September 1980).

79. Foreign Trade Ministry and State Import-Export Commission's "Circular on the Temporary Revision of Some Items in the Trial Import Management Measures" (81) Import Control Code, No. 293, 18 August 1981).

80. Foreign Trade Ministry's "Circular on Applying for Import License for Foreign Gifts and Goods Supplied Free-of-Charge" (81) Import Management Code, No. 353, 2 November 1981).

81. Foreign Trade Ministry, Ministry of Commerce, and State Administration for Industry and Commerce's "Circular on Strengthening the Management of Imported Commodities" (81) Import Management Code, No. 352, 9 November 1981).

82. "Circular on Revising the List of Commodities Under the Licensing System" (84) MOFERT Export Management No. 35, 14 March 1984).

83. "Circular on Strengthening the Management by License of Imported Cars, Rubber, Calculators, Television Sets, Lumber, and Copying Machines" (84) MOFERT Import Management Code, No. 79, 27 April 1984).

84. "Circular on Implementing Management by Import License of Imported Cigarettes, Cigars, and Tobacco" (84) MOFERT Import Management Code, No. 334, 15 November 1984).

85. "Circular on Issues Concerning the Management of Export Licenses by Grades" (85) MOFERT Export Management Code, No. 107, 18 September 1985).

86. Circular on Publishing the "Temporary Measures on the Setting Up Foreign Trade Companies and on the Examination and Approval Procedure" (85) MOFERT Management System Code, No. 130, 23 March 1985).

87. Circular on the Implementaton of Management by Import License of Seven Production and Assembly Lines and Six Imported Commodities" (85) MOFERT Import Management Code, No. 349, 25 September 1985).

88. MOFERT and General Administration of Customs "Circular on Revising the Categories and Names of Commodities Managed by Import Licenses and Clarifying the License-Issuing Jurisdiction of Each of the Two Levels and Other Related Matters" ((87) MOFERT Import Management Code, No. 4, 24 April 1987).

89. Circular on the Management of the Import of Six Types of Medicinal Herbs, Including Frankincense, by Import License (87) MOFERT Import Management No. 50, 7 March 1987).

90. Circular on Managing the Import of Plywood by Import License (87) MOFERT Import Management Code No. 55, 6 March 1987).

91. MOFERT and the State Planning Commission's "Circular on the Examination and Approval of Localities and Departments' Use of Their Own Foreign Exchange To Import Lumber and Their Application for Import Licenses" (87) MOFERT Import Management Code, No. 96, 12 May 1987).

92. Circular on Managing the Import of Paper Pulp by Import License (87) MOFERT Import Management Code, No. 115, 29 April 1987).

93. Circular on the Principle Based on Which Export Licenses Are Issued and Related Provisions (87) MOFERT Export Management Code, No. 476, 13 January 1988).

94. Circular on Relaying the Planning Commission and Import-Export Commission's Use of Import Licenses to Manage the Import of Chemical Fibers (82) Import Management Code, No. 25, 16 February 1982).

95. Circular on Notifying by Mail the Specific List on the Types of Imported Chemical Monomer, Chemical Fibers, and Chemical Knit Goods (82) Import Management Code, No. 68, 10 April 1982).

96. Circular on Revising Some of the Products Managed by License ((82) MOFERT Export License Code, No. 166, 20 December 1982).

97. Circular on Import by License of Polycarbonate Resin and Others ((83) MOFERT Import Management Code, No. 67, 12 May 1983).

98. Circular To Clarify the Existing Categories of Commodities Requiring Import Llicenses ((83) MOFERT Import Management Code, No. 93. 11 July 1983).

99. Circular on the Management by Import License of 16 Medicinal Herbs, Including Antelope's Horns, (84) MOFERT Import Management Code, No. 20, 21 February 1984).

100. Circular in Response to the State Council's Call To Step Up Automobile Import Management and Tighten the Import License Checking and Issuing Process (85) MOFERT Import Management Code, No. 400, 4 October 1985).

101. Circular on Managing the Import of Steel Materials by Import License (85) MOFERT Import Control Code No. 441, 22 November 1985).

102. Circular To Call Attention to Several Issues When Issuing Import Licenses for Leasing 63 Types of Machinery and Electrical Products, Including Common-Steel Small-Square Blank Continuous Casting Machine (86) MOFERT Import Management Code, No. 235, 21 July 1986).

103. Circular on the Management of the Import of Edible Sugar by Import License ((86) MOFERT Import Management Code, No. 158, 21 July 1986).

104. Circular on the Management of the Import of 16 Production Lines, Including Black and White Kinescope, by Import License (86) MOFERT Import Management Code, No. 234, 1 August 1986).

105. Circular on Adjusting the List of Commodities Managed by Export License and Related Issues (86) MOFERT Export Management Code, No. 385, 15 November 1986).

106. Circular on the Management of Coffee and Coffee Products by Import License (88) MOFERT Import Management Code No. 7, 9 January 1988).

107. Circular on Modifying the List of Commodities Managed by Export Licenses ((88) MOFERT Export Management Code, No. 183, 26 June 1988).

108. Circular to Clarify Procedure for Issuing Import Licenses for Chemical Fibers and Chemical Monomers and the Management of Imported Refrigerator Units. ((89) MOFERT Import Management Code, No. 6, 10 January 1989).

109. Circular on Modifying the List of Commodities Managed by Export License and Changing the License-Issuing Units (89) MOFERT Export Management Code, No. 7, 30 January 1989).

110. Circular on MOFERT's Centralized Issuance of Import Licenses for Automobiles and Key Automobile Parts (89) MOFERT Import Management Code, No. 8, 11 February, 1989).

111. Circular on Several Provisions To Strengthen Management by Export Licenses (89) MOFERT Export Management Code, No. 11, 21 January 1989).

112. MOFERT, State Council's Machinery and Electronics Examination Office, and the General Administration of Custom's "Circular on Modifying the Scope of Management by License of Refrigerators, Air Conditioners, and

Video Recorders (Players)" (89) MOFERT Import Management Code, No. 75, 3 June 1989).

113. Circular on Modifying the List of Commodities Managed by Export Licenses and Changing the License-Issuing Units (90) MOFERT Export Management Code, No. 55, 10 April 1990.

114. Circular on Several Questions Pertaining To Changing the Method of Contracting Foreign Aid Medical Team's Funding and Revenues and Expenditures (83) MOFERT Aid Code, No. 359, 21 July 1983.

115. Circular on Changing the Schedule of Delivery of Accounting Reports (83) MOFERT Aid Code, No. 1012, 19 November 1983.

116. Circular on Publishing the "Temporary Provisions on the Supply and Control of Construction Machinery for Economic Aid Projects Under the Contract Responsibility System" (84) MOFERT Aid Code, No. 435, 7 June 1984.

117. Circular on Inspecting the Foreign Offices of All International Economic and Technological Cooperation Companies (87) MOFERT Cooperation Code, No. 207, 8 October 1987.

118. Letter on Specific Measures To Sort Out and Consolidate the Foreign Contract Labor and Service Companies (89) MOFERT Cooperation Code, No. 48, 17 April 1989.

119. Several Regulations Pertaining to Sino-Foreign Joint Venture Negotiations and Contract-Signing (80) Foreign Investment Commission Development Committee Code, No. 014, 3 August 1980.

120. Temporary Provisions of the PRC Foreign Investment Administration Commission on the Application and Approval Procedure for Sino-Foreign Joint Ventures (80) Foreign Investment Commission Development Committee Code, No. 015, 1980.

121. Circular on Issuing New "Sino-Foreign Joint Venture Certificates" (83) MOFERT Investment Code, No. 71, 21 April 1983.

122. MOFERT Circular Calling Attention to Several Issues When Approving Sino-Foreign Joint Ventures (88) MOFERT Comprehensive Investment Code, No. 173, 7 July 1988.

#### Export Place of Origin Standards

93CE0382C *Beijing MOFERT COLLECTION OF REGULATIONS in Chinese Nov 92 pp 421, 428-485*

[Selected regulations: "Trade Transparency: Miscellaneous MOFERT Trade Regulations"]

[Text] PRC Ministry of Foreign Economic Relations and Trade Order No. 1, 1992

The "Measures for Implementing the PRC's Place of Origin Rule for Export Commodities" is hereby promulgated and shall take effect on May 1 1992.

Minister Li Lanqing [2621 1526 3237]

1 April 1992

#### PRC Ministry of Foreign Economic Relations and Trade Order No. 2, 1992

The "Detailed List of Place of Origin Standards for Major Manufacturing and Processing Procedures for PRC Exports With an Import Component" is hereby promulgated and shall take effect on 1 May 1992.

Minister Li Lanqing

1 April 1992

#### Detailed List of the PRC's Major Manufacturing and Processing Procedures at the Place of Origin for Exports Containing Imported Ingredients

Pursuant to Article 6 of the "PRC's Place of Origin Rule for Export Commodities," we hereby draw up the following detailed list of manufacturing and processing procedures at the place of origin for exports containing imported ingredients.

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
	Category 1: Live Animals and Animal Products	
Chapter 3: 03.03	frozen fish eggs	remove, grade, and freeze eggs
03.04	fresh, refrigerated, or frozen fish fillets or other fish meat (whether cut up or not)	remove intestine and debone
03.06	shrimp meat, crab meat	remove shell and freeze
03.07	frozen or dried squid, cuttlefish, and octopus	remove intestine, freeze or dry
Chapter 5: 05.04	animal intestine lining	clean, grade, salt or dry
	Category 2: Vegetable Products	
Chapter 8: 08.01	cashew nut	remove shell and skin
	Category 4: Foodstuff; Beverages, Wine, and Vinegar; Tobacco and Processed Tobacco Substitutes	
Chapter 17: 17.01	granulated sugar and soft white sugar	make from raw sugar
Chapter 18: 18.04-18.06	cocoa fat, cocoa butter, cocoa powder, chocolate, and other cocoa products	process from cocoa beans

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
Chapter 24: 24.02-24.03	cigar and cigarettes and other tobacco products	process from tobacco
	Category 6: Chemicals and Related Industrial Products	
Chapter 28: 28.01-28.51	inorganic chemicals; precious metals, rare earth metals, radioactive elements and their isotopic organic and inorganic compounds	make from raw materials not under this tax item number; or use imported materials under this tax item number, but their value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 29: 29.01-29.42	organic chemicals	make from raw materials not under this tax item number; or use imported materials under this tax item number, but their value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 30: 30.03	prepared medicine with two or more ingredients meant for treatment or prevention and which has not been packaged in fixed dosages or packaged for retail sale	make from raw materials not under this tax item number; or use imported materials under this tax item number, but their value may not exceed 75 percent of the factory-exit price of the finished product
30.04	prepared medicine with or without mix ingredients for treatment or prevention (not including products in tax categories 30.02, 30.05, or 30.06) and has been packaged or marked for fixed dosages or has been shaped or packaged for retail	manufactured from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 31: 31.01-31.05	fertilizer	make from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 32: 32.01-32.15	tanning and dyeing extract, tannic acid and its derivatives; dye, pigments, and other coloring agents; paint and varnish, putty and other adhesive; inks	make from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 33: 33.01-33.07	essential oil and scented resin extract; perfume products, cosmetics, and toiletry	make from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 34: 34.01-34.07	soap; organic, surface reactive agent; cleanser, moisturizer, man-made wax, prepared wax, shining and polishing wax, candles and similar products, plaster for making molds, wax dental molds and plaster-based materials for dental use	make from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
Chapter 38: 38.01-38.23	miscellaneous chemical products	make from raw materials not under this tax item number; or use imported raw materials under this tax item number, but the value may not exceed 75 percent of the factory-exit price of the finished product
	Category 7: Plastic and Plastic Goods and Rubber and Rubber Goods	
Chapter 39: 39.17-39.26	plastic goods	create form by processing plastic material
Chapter 40: 40.07-40.17	rubber goods	make from rubber boards, sheets, or strips
	Category 8: Leather, Fur and Their Finished Goods; Travel Goods, Suitcases, and Similar Types of Containers	
Chapter 41: 41.04-41.07	leather	tan or soften, decorate
Chapter 42: 42.02	trunks, suitcases, small carrying cases, attache cases, brief cases, book bags, eye-glass cases, binocular cases, musical instrument cases, camera cases, gun cases and similar cases made of or covered in whole or in part with leather or regenerated leather, plastic film, textile, vulcanized fiber paper or cardboard; wallets, map holders, cigarette cases, tool boxes, athletic bags, jewelry cases, cutlery case and similar containers	cut, sew, shape
42.03	garments and accessories made of leather or regenerated leather	cut, sew
Chapter 43: 43.02	tanned fur, ready-made or not yet sewn together	tan
43.03	garments, garment accessories, and other finished goods made of fur	cut, sew

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
43.04	man-made fur	cut, sew
	Category 10: Paper, Cardboard, and Paper and Cardboard Products	
Chapter 48: 48.17	paper or carboard envelope, stationery, plain-colored postcard; paper or cardboard boxes, paper bags, paper clips, and folders, including various paper-made stationery	cut, bind, or print
48.18	toilet paper, paper towel, tissue paper, paper napkin, paper diaper, tourniquet, paper bed sheets, and similar household, sanitation, or hospital goods	cut and sterilize
48.19-48.23	paper, paper board, and their products	cut, bind, or print
	Category 11: Textile and Textile Goods	
Chapter 51: 51.06-51.10	wool yarn, knitting wool	start with wool fiber or wool sliver and complete spinning
51.11-51.13	machine-knit woolens	knit
Chapter 52: 52.04	cotton sewing thread	make by twisting two or more plies of yarn
52.05-52.07	cotton yarn	start with fiber and complete spinning
52.08-52.12	cotton machine-knit goods	knit or print and dye
Chapter 53: 53.06-53.08	linen yarn and other plant-fiber yarn and thread	start with fiber and complete spinning
53.09-53.11	linen machine-knit goods, other machine-knit plant-fiber articles	knit
Chapter 54: 54.01	chemical fiber filament-spun sewing thread	make by twisting two or more plies of filaments
54.02-54.06	chemical fiber filament yarn	spin
54.07-54.08	machine-knit goods made of chemical fiber filament yarn	knit
Chapter 55: 55.08	sewing thread made of short staple chemical fiber	make by twisting two or more plies of yarn
55.09-55.11	yarn made of short staple chemical fiber	start from fiber or chemical wool slivers and complete the spinning process
55.12-55.16	machine-knit articles of short staple chemical fiber	knit
Chapter 56: 56.03	adhesive-bonded knit goods	from making the backing to making the finished product
56.07	jute or synthetic fiber cord, string, rope, and cable	make by twisting two or more plies of yarn or thread, or braid
56.08	netting materials made of thread, string, or rope; fish net and other nets made of woven materials	knit or weave
Chapter 57: 57.01-57.05	carpet and other floor coverings made of textile materials	start from fiber or yarn and thread and complete spinning
Chapter 58: 58.01-58.09	special machine-woven goods; tufted fabric, lace, decorative rug, fringes	weave, knit, bond, or tufted fabric
58.10	embroideries in bolt, strip, or whole patterns	embroider; the value of imported raw materials used may not exceed 75 percent of the factory-exit price of the finished product
58.11	already long-stitched quilt-like textile goods using a combination of fabric and batting materials	cut, sew, long-stitch
Chapter 59: 59.01-59.07	retted, coated, wrapped, or laminated textile goods	machine weave or knit into finished goods
59.09-59.11	industrial textile goods	weave or knit
Chapter 60: 60.01-60.02	needle knitted or crocheted goods	knit or crochet
Chapter 61: 61.01-61.14	knitted or crocheted garments	cut, sew into finished garment or knit or crochet
61.15-61.17	knitted or crocheted hosiery and mittens, accessories and parts	cut, sew, knit or crochet
Chapter 62: 62.01-62.11	garments that are neither knitted nor crocheted	cut and sew into finished garments

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
62.12	bras, belts, corsets, suspenders, girdles, garters, and similar goods and their parts, whether knitted or crocheted	crochets are crocheted; other goods are cut, sewed, or knitted; the value of imported materials used may not exceed 75 percent of the factory-exit price of the finished product
62.13-62.15	non-knitted, non-crocheted handkerchiefs, shawls, scarf, mufflers, stoles, vails and similar goods; neckties and bowties	cut, sew; the value of imported materials used may not exceed 75 percent of the factory-exit price of the finished product
62.16	mittens that are not knitted or crocheted	cut, sew
62.17	clothing accessories and parts	cut, sew; the value of imported materials used may not exceed 75 percent of the factory-exit price of the finished product
Chapter 63: 63.01	blankets and picnic blankets	weave
63.02-63.04	woven goods for bed, dining table, bathroom, and kitchen; curtains (including blinds) and screens; blinds and bed curtains; other decorative woven goods	cut, sew, knit, or crochet; the value of imported raw materials may not exceed 75 percent of the factory-exit price of the finished product
63.05	bags for packing	knit or weave; cut, sew
63.06	canopies, umbrellas, tents, sails, and air mattresses	cut, sew or bond, and assemble
63.08	complete ensemble of machine-woven goods of yarn and thread packaged for retail sale, regardless of attachments, to be used to make small rugs, wallhangs, embroidered tablecloths, dinner napkins, and similar textile goods	cut, sew, knit or crochet
Category 12: Shoes, Hats, Umbrellas, Parasols, Artificial Flowers; Human Hair Products		
Chapter 64: 64.01-64.06	shoes	make shoe upper and sole; put together parts
Chapter 65: 65.03	felt hat and other hats made of felt	hot-press into shape
65.04	hats woven from strips of materials of any type and other kinds of hats, with or without lining and accessories	cut and sew or weave
65.05	knitted or crocheted hats made of lace or other small flake-like textile materials	knit, crochet, or sew
65.06	hard hat, rubber or plastic hats	cut, shape
Chapter 66: 66.01	umbrellas and parasols (including umbrella sticks, garden umbrellas, and similar products	cut cover and assemble
Chapter 67: 67.02	artificial flower	shape and assemble
67.04	wigs	weave, sew, or bond
Category 13: Glass and Glass Products		
Chapter 70: 70.09	framed mirrors, including rear-view mirrors	cut glass, make frame, assemble
70.18	glass beads, imitation pearls, imitation precious stones, imitation semi-precious stones	cut, grind or electroplate, mount
Category 14: Natural or Cultured Pearls, Precious and Semi-Precious Stones; Precious Metals, Gilded or Electroplated Precious Metals and Their Products; Costume Jewelry		
Chapter 71: 71.13-71.15	jewelry made of precious metals or electroplated precious metals	make or pour mold, mount or shape, buff, and electroplate
71.16	pearl and precious-metal products	drill hole or cut, polish, mount, or string
71.17	costume jewelry	pour mold or cut, bond, electroplate, buff
Category 15: Base Metal Products		
Chapter 73: 73.23	steel table, cookware, and other household products and parts	cut, shape, and treat surface
Chapter 82: 82.01-82.15	tools, utensils, cutleries, forks and spoons and other parts made of base metal	cut or cast, machine process, treat surface
Chapter 83: 83.01-83.11	miscellaneous base metal products	cut, shape, treat surface

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
	Category 16: Machinery and Electronics	
Chapter 84: 84.1	electric fan	go through entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
84.15	air conditioner	make casing; assemble
84.18	refrigerator, freezer and their refrigeration and freezer equipment	make casing; assemble
84.23	scale (for measuring body weight and other purposes)	make casing; assemble
84.50	washing machine	make casing; assemble
84.52	non-household-use sewing machine	make casing; assemble
84.70	computer	solder; assemble
Chapter 85: 85.01	generators with less than 37.5-watt output capacity	wire; assemble
85.04	transformers, converters, inductance devices	wire; assemble
85.08	electric power tools with built-in motor	go through the entire assembly process; the value of imported materials and parts may not exceed 75 percent of the factory-exit price of the finished product
85.09	household appliances with built-in motor (such as vacuum cleaner, floor polisher, mixer, blender)	go through the entire assembly process; the value of imported materials and parts may not exceed 75 percent of the factory-exit price of the finished product
85.10	electric shaver and hair clipper	go through the entire assemble process; the value of imported materials and parts may not exceed 75 percent of the factory-exit price of the finished product
85.12	mechanical lighting and signaling devices	make casing; assemble
85.13	portable lantern with its own energy source	make casing; assmble
85.16	electric hot-water heater, electric hair-care products (drier, rollers) hand-drier; electric iron, and other household heat-producing appliances (toaster, coffee-makers)	manufacture casing; assemble
85.17	wired telephone and telegraph equipment, including wired carrier communications equipment	insert parts, solder, assemble
85.18	microphone and stand; loudspeaker; receiver headset; earphone; microphone and loudspeaker module; audio-frequency amplifier; sound amplifier	go through the entire assembly process; the value of imported raw materials or parts used may not exceed 75 percent of the factory-exit price of the finished product
85.19	record player; cassette player and other sound reproducing equipment	manufacture casing; assemble
85.20	cassette recorder and other recording equipment	insert parts, solder, assemble
85.21	video recorder and player	insert parts, solder, assemble
85.23-85.24	audio tape, video tape, magnetic discs	make casing; cut, wind tape, assemble
85.25	cordless phone and intercom	insert parts, solder, assemble
85.27	radio, receiver-recorder, car receiver, clock radio	insert parts, solder, assemble
85.28	television	insert parts, solder, assemble
85.34	printed circuit board	make board; etch, punch holes
85.41	diodes, transistors, photosensitive semiconducting devices, luminous diodes	solder, seal
	Category 17 Vehicles	
Chapter 87: 87.12	non-motorized bicycles and other types of cycles	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
87.14	saddle	cut or mold, assemble
	Category 18: Optics, Photography, Meters; Medical Equipment and Apparatus; Watches an Clocks; Musical Instruments	

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
Chapter 90: 90.04	eye-glasses, safety eye-glasses and similar goods for correcting or protecting vision	grind lens; manufacture frame, assemble
90.06	cameras, flashlights	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
90.09	photosensitive copying machine with optical system or contact-type copier and heat-sensitive-type copying machine	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
90.19	massager	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
90.28	industrial electricity-consumption meter	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
90.30	multimeter	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
Chapter 91: 91.01-91.02	watches of all types	go through the entire assembly process; the value of the imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
91.03-91.05	clocks of all types	manufacture case; assemble
91.08	complete, already-assembled watch movement	go through the entire assembly process; the value of the imported parts may not exceed 75 percent of the factory-exit price of the finished product
Chapter 92: 92.07	electric sound-producing and -amplifying musical instruments (such as electric organ, electric guitar, and electric accordian)	insert parts, solder, assemble
Category 20 Miscellaneous Products		
Chapter 94: 94.04	sleeping bags	cut and sew
94.05	lamps and lighting devices not listed elsewhere; including search light, spot light and their parts	manufacture frame; assemble
Chapter 95: 95.02	dolls	go through the entire process to create form; the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
95.03	toys	go through the entire process to create form; the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
95.04	indoor sporting goods	go through the entire process to create form; the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
95.05	Christmas decorations	go through the entire process to create form; the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
95.06	outdoor athletic and sporting goods	go through the entire process to create form, and the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product
95.07	fishing gear	go through the entire process to create form; the value of imported raw materials and parts may not exceed 75 percent of the factory-exit price of the finished product

Tax Item No.	Name of Commodity	Main Manufacturing and Processing Procedures and Other Requirements
Chapter 96: 96.01-96.02	carved animal, vegetable, or mineral products	carve
96.05	whole sets of travel-kit that includes personal toilet articles, sewing kit, shoe and garment cleaning-kit	the value of imported raw materials and accessories may not exceed 75 percent of the factory-exit price of the finished product
96.06	buttons	make from metal sheets, boards, or strips or plastic pellets
96.07	zipper	make zipper tapes and teeth
96.13	cigarette lighters and other lighters, whether mechanical or electric	make casing; assemble
96.17	vacuum bottles with casing and other vacuum containers	make shell out of pressed or molded metal sheets or boards or plastic pellets, or mold plastic and assemble

**Explanations of the PRC's Detailed List of Major Manufacturing and Processing Procedures At the Place of Origin of Exports Containing Import Ingredients**

1. This detailed list lists the products according to the commodity classification method and serial number system in the "Harmonized Commodity Classification and Serial Number System (HS for short) and adopts the "Harmonized System's" classifications, chapters, and tax items. The first column in the detailed list shows the commodities' four-digit tax item number in the "Harmonized System."

2. The second column in the detailed list contains the names of commodities and utilizes the following three methods of description: One, lists all commodities or commodity groups in the tax category; two, briefly describes the names of commodities in the tax category; three, only lists the names of the specific commodities in that tax category.

3. Column 3 of the detailed list, "Major manufacturing and Processing Procedures and Other Requirements," is based on the PRC's place of origin rule for export commodities. All products in the detailed list that fit the description in Column 3 are deemed to have undergone essential changes.

**Definitions of terms in Column 3:**

(a) "Value of imported raw materials" refers to the value of the raw materials and parts and spare used directly in making or assembling the final product, that is, the CIF price stated in the invoice when importing those raw materials and parts and spare.

(b) "Factory-exit price" refers to the price paid to the manufacturer of the finished product.

(c) Formula for calculating the percentage of the value of imported raw materials:

value of imported raw materials/factory-exit price x 100 percent

(d) "Cut" refers to the cutting and tailoring of the entire piece good (or work material).

4. This detailed list contains commodities in 16 categories, 51 chapters, and 417 HS tax item numbers.

**MOFERT Measures for Managing the Export of Rare Earth—Promulgated by MOFERT on 28 March 1992**

1. All foreign transactions in the export of rare earth products named in the management plan (europium concentrate, enriched europium concentrate, enriched europium oxides, enriched europium mixed with rare earth oxides, yttrium concentrate, enriched yttrium concentrate, enriched yttrium oxides, enriched yttrium mixed with rare earth oxides, phosphoric yttrium ores) is handled centrally by the China National Metals and Minerals Import-Export Corporation, China Nonferrous Metals Import-Export Corporation, and China Metallurgical Import-Export Corporation; local metals and minerals, nonferrous metals, and metallurgical import-export companies are responsible for implementing the contracts.

With the exception of Gansu Provincial Metals and Mineral Product Import-Export Company and Harbin City Metals and Mineral Product Import-Export Company in the main production areas which are permitted to sign their own foreign contracts for the export of chlorides of rare earth, all export transactions by other units are to be handled centrally by the China National Metals and Minerals Import-Export Corporation, China Nonferrous Metals Import-Export Corporation, and China Metallurgical Import-Export Corporation.

Other rare earth products and their alloys are to be managed in an orderly fashion by companies with management rights in those commodities.

2. MOFERT has empowered the China Minerals and Chemicals Import-Export Chamber of Commerce to coordinate management and promptly convene the China National Metals and Minerals Import-Export Corporation, China Nonferrous Metal Import-Export Corporation, China Metallurgical Import-Export Corporation and other relevant management companies to study and formulate a coordinated program for the above commodities.

3. The export plan for rare earth will be drawn up by MOFERT in consultation with the State Council's Rare Earth Leading Group and will take into consideration domestic and foreign market situations, and MOFERT will hand down the implementation orders.

4. FIE's already approved to produce and manage rare earth products must comply strictly with the stipulations

in MOFERT's formal document regarding the issuance of export licenses, apply for export licenses in accordance with the relevant legal provisions, and export only their own products; they must not procure goods in the domestic market for export. For newly approved compensation trade, enterprises should sign foreign contracts through import-export companies with rare earth export management rights under these measures and let them export the goods as agent when implementing the contract (except for production enterprises authorized by MOFERT to handle their own rare earth exports).

5. After these measures go into effect, companies that have already signed foreign contracts and have obtained export licenses may continue to implement those contracts.
6. These measures take effect on the day of promulgation.

MOFERT 21 April 1992

#### **MOFERT Measures on Managing the Export of Tin—Promulgated by MOFERT on 28 March 1992**

1. The export of tin ore and tin solder is managed by China National Metals and Minerals Import-Export Corporation, China Nonferrous Metals Import-Export Corporation, and local minerals, nonferrous import-export companies and production enterprises authorized to handle the export of those commodities.
2. MOFERT has empowered the China Minerals and Chemicals Import-Export Chamber of Commerce to coordinate management and promptly convene the China National Metals and Minerals Import-Export Corporation and China Nonferrous Metals Import-Export Corporation and other relevant management companies to study and formulate a coordinated program for the above commodities.
3. The export plan for tin ore and tin solder will be drawn up by MOFERT in consultation with the China Nonferrous Metal Industrial Corporation and will take into consideration domestic and foreign market situations. After approved by the State Council, MOFERT will hand down the implementation order.
4. FIE's already approved to produce and manage tin ores and tin solder products must comply strictly with the stipulations in MOFERT's formal document regarding the issuance of export licenses, apply for export licenses in accordance with the relevant legal provisions, and export only the enterprise's own products; they may not procure goods in the domestic market for export. For newly-approved compensation trade, enterprises should sign foreign contracts through import-export companies with tin ore and tin solder exporting management rights under these measures and let them export the products as agents when implementing the contracts (except for production enterprises authorized by MOFERT to handle their own tin ore and tin solder exports).
5. After these measures take effect, companies that have already signed contracts and have obtained export licenses may continue to implement their export contracts.
6. These measures take effect on the day of promulgation.

MOFERT 21 April 1992

#### **PRC Ministry of Foreign Economic Relations and Trade Order No. 3, 1992**

We hereby promulgate "MOFERT's Internal Audit Provision" which takes effect on the day of promulgation.

Minister Li Lanqing 29 April 1992

#### **Foreign Economic and Trade Internal Audit Provision—Promulgated by MOFERT on 28 March 1992**

##### **Chapter 1: General Principles**

**Article 1:** This provision has been drawn up in accordance with the "PRC's Audit Regulations" and the "Auditing Administration's Provision on Internal Audit" and takes into consideration the actual conditions in China's foreign economic and trade system to strengthen the supervision of the internal audit of foreign economic relations and trade, protect the state's properties, safeguard our financial and economic rules and regulations, improve management and administration, improve economic efficiency, and promote the development of China's foreign economic relations and trade (referred to as foreign trade for short).

**Article 2:** This provision is applicable to the foreign trade system's large- and medium-sized enterprises; institutions with fairly substantial financial revenues and expenditures; provinces (autonomous regions, municipalities, and cities with province-level economic planning authority) and prefectures (cities, autonomous prefectures, leagues) where the state's auditing department has not set up local organs; and county-level foreign trade administrations with substantial workload.

**Article 3:** Internal audit of foreign trade should start out from the system's and the department's own conditions and uphold the principle of combining supervision and examination with guidance and service to safeguard the foreign trade management system and promote thorough reform and improve the contract management responsibility system.

**Article 4:** Internal audit of foreign trade is put under a graded responsibility system. Under the leadership of each unit's manager and in accordance with the state's laws, rules and regulations, and policies, internal auditing organs at all levels (also include organs that perform auditing work; same below) are responsible for conducting internal audit and supervision of their respective unit's and subordinate units' financial revenues and expenditures, economic activities, and economic efficiency. They should exercise their auditing function independently and are held responsible and should report to their respective unit's manager.

The internal auditing organs must accept the professional guidance of the state auditing department, its accredited organs, and the higher level internal auditing organs.

**Article 5:** The Auditing Bureau set up by the Auditing Administration in the Ministry of Foreign Economic Relations and Trade (referred to as MOFERT below) is responsible for organizing and guiding the internal audit of enterprises and institutions directly under MOFERT's jurisdiction and for providing professional guidance in the

## Trade Transparency: Miscellaneous MOFERT Trade Regulations

internal audit of industries. The provincial- and prefec-tural- (municipal-) level economic and trade administra-tions' internal auditing organs or auditing organs accredi-tated by the state's auditing department are responsible for guiding the internal audit of the local economic and trade system; the higher level organs are responsible for guiding the subordinate units.

### Chapter 2: Organ Installation

**Article 6:** Enterprises directly under MOFERT and institutions with fairly substantial revenues and expenditures may set up independent auditing bureaus (sections) or assign professional auditors if necessary to conduct internal audit and supervise each unit's and its subordinate units' financial revenues and expenditures, economic activities, and economic efficiency under the leadership of the enterprise's (or unit's) general manager. They are also responsible for organizing the internal audit of their respective enterprise's (unit's) branch organs at all levels.

**Article 7:** Province-level branch companies under the jurisdiction of various enterprises and level-2 budget units under the institutions may set up their own auditing organs or assign professional auditors if necessary to conduct internal audit of and supervise each unit's and its subordinate units' financial revenues and expenditures, economic activities, and economic efficiency under the leadership of the enterprise's (unit's) general manager.

**Article 8:** For economic and trade departments (committees and bureaus) in the provinces, autonomous regions, municipalities, and cities with province-level economic planning authority, if the state auditing department has no accredited local organs, their respective internal audit organs set up according to local government regulations should conduct internal audit and supervise the department's (committee's, bureau's) and the directly affiliated unit's financial revenues and expenditures, economic activities, and economic efficiency under the leadership of the department head (chairman, bureau chief) and should guide the internal audit of the province's ([autonomous] region's, municipality's) foreign trade enterprises, institutions, and subordinate economic and trade administra-tions, and they should also guide the internal audit of MOFERT-installed enterprises and institutions in the provinces (regions, municipalities).

**Article 9:** The province's (region's, municipality's) directly affiliated economic and trade enterprises and institutions with substantial revenue and expenditure may set up internal auditing organs or assign professional auditors according to local government regulations to conduct internal audit and supervise each unit's and its subordinate units' financial revenues and expenditures, economic activities, and economic efficiency under the leadership of the enterprise's (unit's) general manager.

**Article 10:** Prefectural (city, [autonomous] prefectural, league) economic and trade administrative departments may set up internal auditing organs according to local government regulations, and county-level foreign economic and trade administrations may set up their own

internal audit organs according to local government regulations if necessary to conduct internal audit and supervise the department's and the subordinate units' financial revenues and expenditures, economic activities, and economic efficiency under the leadership of the department's general manager. Prefectural (city, [autonomous] prefectural, league) economic and trade administrations' internal audit organs are responsible for guiding the internal audit of the local economic and trade enterprises and institutions installed by the province-owned economic and trade enterprises.

### Chapter 3: Basic Tasks and Contents of Internal Audited

**Article 11:** The scope of audit and supervision of the foreign trade internal audit organs includes the following:

- (a) Foreign trade plan, foreign economic plan, financial revenue and expenditure plan, foreign exchange revenue and expenditure plan, credit plans and budget, and implementation of foreign economic and trade contracts and agreements and their results.
- (b) Import-export businesses; international economic cooperation; foreign capital utilization; fund gathering; packaging, storage, and shipping businesses; domestic sales and allocation and transfer, and other important business activities and their economic results.
- (c) Accounting and utilization of financial revenue and expenditure, foreign exchange revenue and expenditure, foreign aid extended, foreign aid received, percentage retention funds, and special funds.
- (d) All internal control systems related to economic activities.
- (e) The safety, integrity, and management of the state and enterprises' funds and assets.
- (f) The truthfulness, accuracy, standardization, and legality of the financial and accounting reports and other basic financial matters.
- (g) Compliance with the state's financial and economic laws and regulations.
- (h) Other auditing tasks handed down by the unit's leaders, by a higher level internal auditing organ, or by the state auditing organ.

**Article 12:** The internal auditing organs should conduct internal audit and supervise their respective unit's fixed asset investment projects and major investment decisions, such as the setting up of wholly-owned enterprises, cooperative enterprises, joint ventures, contractual joint ventures and so on inside and outside of Chinese territories, as well as the unit's management and administration and economic efficiency.

**Article 13:** An internal auditing organ may follow its own unit's regulations to audit and endorse relevant economic activities.

**Article 14:** An internal auditing organ should divide its work according to responsibility to audit and supervise the

contract (lease) management responsibility system, manager (factory director) responsibility system, and tenured management-by-objective system of its own unit and its subordinate units.

#### Chapter 4: Jurisdiction of the Internal Auditing Organs

**Article 15:** Internal auditing organs at all levels should participate in the study of their respective unit's internal control system, its major management decisions, and its investment programs. They should help evaluate, verify, or make improvement or revision suggestions pertaining to the system, decision, or program being implemented.

**Article 16:** The internal auditing organs have the right to ask the relevant functionary organs and subordinate units of their respective units for a copy of their economic plans, budgets, reports, documents, and data and so on.

**Article 17:** During an audit, the internal auditing organs have the following supervision and inspection rights:

- (a) Inspect plans, evidences, books, schedules, funds, assets and creditor's rights, and debts and check all relevant documents and information;
- (b) participate in conferences or convene meetings related to the audit;
- (c) investigate the relevant units and personnel regarding problems uncovered in an audit and demand proof;
- (d) make suggestions on improving management and administration and raising economic efficiency; instruct the unit being audited to curb, correct, or deal with matters that violate financial and economic discipline and set a deadline for making rectifications;
- (e) make emergency decisions to curb any serious violation of financial and economic discipline or behavior that causes serious waste or loss;
- (f) with the unit's leader's approval, emergency measures may be taken against those who obstruct or sabotage an internal audit or refuse to supply relevant informations; suggestions may be made to go after the person directly responsible or the relevant leaders in charge;
- (g) make suggestions on going after the person responsible for serious violation of financial and economic discipline or who caused serious waste and loss;
- (h) report to the higher level internal auditing organs or even the state auditing department on important audit matters;

**Article 18:** Within the limits of its jurisdiction, an internal auditing organ's own unit may give it power to deal with economic matters or impose economic sanctions.

#### Chapter 5: Internal Auditing Procedure

**Chapter 19:** Depending on the higher authority's plans and the respective department's, unit's, or system's own situation, internal auditing organs at all levels should take into consideration the central tasks at the time, set priorities in their work, formulate an annual audit plan, and draw up an implementation program after the plan has been approved by

the unit's leaders. The annual audit plan should be submitted to the immediate higher-level internal auditing organ for record, and a copy should be sent to the local foreign economic and trade department's internal auditing organ or a state auditing department-accredited auditing organ. A copy of the foreign economic and trade administration's annual audit plan should be sent to the state auditing organ at the same level.

**Article 20:** The internal auditing organs should follow the audit plans and assignments handed down by the higher authorities to determine their specific audit subjects. After deciding on the units (projects) to be audited, a person should be designated to head the auditing group and draw up a program to define the scope, content, format, and time of the audit, and the program can be carried out after it has been approved by the unit's leader.

**Article 21:** Following the audit program, the unit being audited should be issued a notice of audit. The notice should state the scope, content, format, requirement, and time of the audit and so on. An on-site audit should state the names of the person in charge of the auditing group and the auditors; an audit by proxy should state the name of the unit conducting the audit.

**Article 22:** On-site audits must abide by the following procedure:

- (a) The auditing group arriving at the unit to be audited should present the relevant credential or document; the manager in charge of the unit to be audited should disclose truthfully the unit's business activities, economic accounting, internal control, and management and administration and provide the necessary work conditions and cooperate in the audit.
- (b) The auditing group should check the audited unit's assets, funds, major financial and economic indices, and relevant internal management and other basic conditions before revising the specific steps in the audit and the personnel assignment.
- (c) The auditors may check the evidences, accounting books, and schedules, analyze the financial and economic indicators, look for cash and goods, study the relevant economic contracts, documents, and materials, investigate the relevant personnel, and participate in relevant meetings of the unit being audited or use other means to conduct the audit.
- (d) During an audit, the auditors must take detailed and accurate record and prepare a work draft and conduct a preliminary analysis of the business in question. If problems are uncovered, they should state clearly the substance, nature, and source of information and make suggestions on how to rectify or deal with the problems or suggest further investigation and verification.
- (e) When questioning the relevant personnel, generally two auditors should be present, and the conversation should be recorded; the person being investigated should read before signing any paper, or he may furnish his own written document which should be signed before handed to the auditors.

(f) When an auditor participates in the relevant meetings, he should record all matters pertinent to the audit; if necessary, he may ask the audited unit to provide a transcript of the meetings.

(g) The auditors should make xerox copies and reproductions of any firsthand information, relevant documents, and goods used as evidence; if necessary and with the consent of the manager of the audited unit, the auditors may take on-site pictures or videotape which the relevant unit should endorse for verification.

**Article 23:** If necessary, and depending on the subject's situation, the auditing organ may adopt such methods as audit by declaration or by proxy.

**Article 24:** Upon the completion of an audit, the auditing group should prepare a written audit report. The report should include the name of the audited unit (project), the scope and substance of the audit, problems uncovered in the audit, evaluation and conclusion, and opinions and suggestions on dealing with the problems. The evaluation and conclusion must be practical and realistic; evidence and all relevant materials should be attached. The assessment of the nature of the problems should be precise, and suggestions on how to deal with them should be appropriate. The audit report should be signed by the person in charge of the auditing group.

The audited unit's opinions should be solicited for the audit report. It should be asked to submit written opinions within a given period of time and return the suggestions with the audit report.

The auditing group's report and the proxy audit report should be examined by the auditing organ dispatching the group or requesting the audit respectively. When examining the audit reports, ample consideration should be given to the audited unit's opinions. Audit report already examined should be sent to the unit's leader.

**Article 25:** Based on the audit report, the internal auditing organ should make its conclusion and decision (such as collecting withheld profit according to financial jurisdiction or adjusting the accounts and so on). After the audit conclusion and decision have been approved by the unit's leader, they, together with the report itself and a written notice, should be sent to the audited unit for implementation. Copies should also be sent to the immediate higher-level internal auditing organ, the immediate higher-level department in charge of the audited unit, and to the local state auditing organ at the same level. If necessary, a copy of the audit conclusion and decision may be sent to other pertinent organs to assist in supervision and implementation. The audited unit should submit a written progress report to the auditing organ within the stipulated period. If the relevant leaders have seriously violated state financial and economic discipline causing serious economic losses, they should be reported to the department in charge for economic or administrative sanction. Those who have violated criminal laws should be reported to the judicial organs for prosecution.

**Article 26:** If the audited unit takes exception to the audit conclusion and decision, it has the right to submit an application for re-examination to the immediate higher-level internal audit organ or to a local audit organ accredited by the state (same below) within 15 days after receiving the notice. The higher-level internal audit organ should begin the re-examination process within 15 days after receiving the application. The conclusion and decision made by the immediate higher-level internal audit organ or the MOFERT auditing bureau accredited by the Auditing Administration are deemed final conclusion and decision. The audited unit and the original auditing organ should be notified of the final conclusion and decision in writing. If the audited unit still disagrees with the final conclusion and decision, it may appeal to the final auditing organ or its superior internal auditing organ. While appealing for re-examination, the audited unit must still comply with the original audit conclusion and decision. If the re-examination conclusion and decision should change in whole or in part the original conclusion, the audited unit must comply with the final decision on the day it receives the new decision.

**Article 27:** The internal auditing organs generally should conduct following-up audit of units already audited. If an auditing organ deems necessary, it can conduct continuous audit of certain subjects or projects undertaken by certain units.

**Article 28:** A complete record must be kept for every audit handled by the internal auditing organs at all levels. The audit record should contain the following:

(a) already-approved audit plan and audit notice; (b) audit program; (c) audit work record; (d) investigation record, certifications, and evidence of audited items; (r) audit report, conclusion and decision.

**Article 29:** The audit record must be properly safeguarded according to regulations. The auditors are obligated to keep the accounting and business data and documents furnished by the audited unit confidential. Except reporting to the unit's own leaders and to the immediate higher-level internal audit organ according to regulations, no information may be disclosed to any other unit or individual. Violators will be dealt with under state secrecy laws.

## Chapter 6: Internal Auditing Personnel

**Article 30:** Foreign trade internal auditing personnel should have the following basic qualification:

(a) They must uphold the four basic principles and abide by law and discipline; they must be honest and law-abiding, hard-working, and driven to explore and create.

(b) They must have a proper workstyle, uphold principles, seek truth in facts, discharge their duties faithfully, perform their work with impartiality, and be able to keep secrets.

(c) They must have the necessary professional knowledge in auditing and accounting, be able to examine and analyze accounts, and have the ability to uncover problems and know how to deal with them.

(d) They must be fairly proficient in political theories and have the necessary basic legal knowledge; they must be able to comprehend the party's and the state's pertinent general and specific policies, laws, provisions, and rules and regulations.

(e) They must be able to comprehend foreign economic and trade matters and have basic international financial knowledge.

(f) They must have some foreign language skills and be able to examine accounting books in foreign language.

Internal auditing personnel at all levels should consist of auditors, accountants, economists and other mainstay professionals.

**Article 31:** Internal auditors' exercise of power according to the law is protected by the law; no person may take retaliatory action against them.

**Article 32:** Internal auditors are appointed or dismissed according to provisions pertaining to the administration of cadres. The appointment and dismissal of general managers of the internal auditing organs at all levels must first be approved by the immediate higher-level internal auditing organ.

#### Chapter 7—Rewards and Punishments

**Article 33:** Departments and units that have performed outstanding internal audit work, auditors who have made exceptional contributions, and personnel who have successfully uncovered and informed on violations of financial and economic discipline, resisted unhealthy trends, and protected state properties should be given commendations and be rewarded.

**Article 34:** Those who obstruct and sabotage the auditors' work and who take revenge on people who informed on them or against the auditors, people who refuse to comply with the official decisions and even bring false charges against or frame other people should be reported by the relevant auditing organ to the department or unit leaders, and with their consent, the general manager of the unit where the incidents took place may be instructed to discipline those directly involved along with their leaders based on their cadre administration jurisdiction. Those who have violated criminal laws should be reported to the judicial organs for prosecution.

**Article 35:** Internal auditors who leak secrets, who abuse power for personal gain, who are negligent of their work, who practise graft, or who bear resentment and take revenge against others should be punished. Those who violate the law should be reported to the judicial organs for prosecution.

#### Chapter 8—Supplementary Articles

**Article 36:** Internal audit of international economic and technological cooperation corporations that are managed by MOFERT or put under specific local economic and trade departments may also reference this provision.

**Article 37:** This provision is subject to MOFERT's interpretation.

**Article 38:** This provision takes effect on the day of promulgation. MOFERT's "Temporary Internal Audit Measures" promulgated on 23 August is hereby rescinded.

#### MOFERT and the General Administration of Customs' Circular on Revising the Categories of Commodities Requiring Import Licenses and Changing the Licence-Issuing Units and Other Matters—Promulgated by MOFERT on 6 June 1992

In order to continuously improve China's import management and conduct foreign trade in an orderly fashion under the new situation of reform and opening up, China has implemented the system of management by import license in the case of some imported goods. According to the "PRC's Temporary Regulations on the System of Import License," when the localities and departments import goods that require import licenses, they must be checked and approved by the state's designated managing departments and obtain the necessary import licenses.

China's adoption of the license system for some imported commodities has played a positive role in properly adjusting the mix of imported commodities, so that we can make sure that the limited amount of foreign exchange is used to import the state's urgently needed advanced technologies, crucial equipment, and goods and materials for industrial and agricultural productions first.

Realizing that some localities and departments have different interpretations regarding the scope of commodities requiring import licenses, and after making some studies, the list of commodities requiring import licenses and the detailed list under each category of licensed imports have been properly adjusted and are hereby being announced. This adjustment shall take effect on 1 January 1988.

Henceforth, all license-issuing organs should issue import licenses based on the list of commodities named, and customs should examine and release the goods based on the import license according to the list of named commodities.

The import license-issuing jurisdiction of MOFERT and its designated local offices and the province-level (including cities with province-level economic planning authority) economic and trade management departments is also made public herewith.

Beginning on the day this circular takes effect, MOFERT and the General Administration of Customs' Circular (87) MOFERT Import Management Code, No. 4 and other regulations which are inconsistent with this circular and which also pertain to import licenses shall cease to be implemented.

Attachments: (1) List of Commodities Managed by Import Licenses (2) License-Issuing Jurisdiction in the Graded Management of Import Licenses

MOFERT General Administration of Customs 1 December 1987

## List of Commodities Requiring Import Licenses

No.	Product Code	Product Name and Scope	Unit
1.	7200	steel material (include galvanized iron)	kilo
2.	7207	base steel	kilo
3.	7204	scrap steel	kilo
4.	89080000	abandoned boats (for scrap)	unit
5.	401	natural rubber (including natural latex), referring to natural rubber and latex containing no other ingredients	kilo
6.		lumber (not including soft wood)	kilo
	4403	raw timber, referring to whole trunks, with or without bark, and entire usable branches	cu meter
	4404	crudely processed lumber and ties, not including semi-finished or manufactured goods	cu meter
7.	4412	plywood	cu meter
8.	5101	lamb wool, referring to raw wool, washed wool, loose wool, wool slivers, wool yarn	kilo
9.	5402	chemical fiber	kilo
		(1) polyester fiber, acrylic fiber, including short fiber, wool slivers, silk bundles, yarn, chloro-acrylic fiber, long filament, and processed silk	
		(2) other chemical fibers, including viscose, copperamine fiber, acetic acid, polyamide fiber, polyvinyl alcohol fiber, polypropylene, polyvinyl chloride fiber, and polyamine fiber	
10.	4703	wood pulp	kilo
11.		petroleum	kilo
	27090000	crude oil	kilo
	2710	refined oil, referring to gasoline, diesel, kerosene, heavy crude (low sulfur, high sulfur fuel, residual oil), not including other petroleum products	kilo
12.	1701	edible sugar, referring to granulated sugar, soft sugar	kilo
13.	2917	monomer chemical fiber	kilo
		(1) aldehyde wafers	
		(2) other monomer chemical fiber:	
		hexyl lactam	
		p-phenyl-dimethyl format	
		Pure p-phenyl-dicarboxylic acid	
		Nylon-66 salt	
		polypropylene resin (textile grade only; excluding fish-net knit sacks and other packing materials)	
14.	39033000	ABS resin	kilo
15.	4002	synthetic rubber	kilo
16.	39074000	polycarbonate	kilo
17.	28371110	sodium cyanide	kilo
18.	3808	pesticide	kilo
19.	2402	tobacco products, referring to cigarettes, cigars, and pipe tobacco	1,000 units
20.	56012210	cigarette filter	kilo
21.	54033310	diacidic fiber tows (meet specification for cigarette use)	kilo
22.	0901	coffee and coffee products	kilo
23.	81051000	cobalt and cobalt salt	kilo
24.	4011	automobile tires (including used tires), referring to automobile tires of all types and universal vehicle tires but not including other types of tires	unit
25.	3602	civilian-use explosives, referring to dynamites of all types, ignition charges, fuse, ignition, non-electric ignition system, blasting agents and so on	kilo
26.	5407	chemical fiber fabric, not including cord fabric for tires, adhesive bonded fabric, oddments of cloth	meter

## List of Commodities Requiring Import Licenses (Continued)

No.	Product Code	Product Name and Scope	Unit
27.	6201	chemical fiber garments, including mixed textile garment; not including knits	pieces
28.	0510	herbal medicines, referring to the following 22 types: antelope horn, rhinoceros horn, guang horn, tiger bones, leopard bone, musk, bezoar, sea horse, Western ginseng, boat-fruit sterculia, Indian cardamom, round cardamom, dragon's blood, eaglewood, Western safflower, frankincense, myrrh, betel, clover, caoguo, Indian coptis root, armadillo scale	kilo
29.	2202	carbonated drinks (including finished products and concentrates)	kilo
30.	85401100	television kinescope	piece
31.	automobiles		
	87030011	small sedans	unit
	87030012	cross-country vehicles (including jeeps)	unit
	87030013	mid-sized, small station wagons	unit
	87030019	Tool vehicles	unit
	87032100	light-weight subcompact automobiles	unit
	8704	trucks of all types	unit
	8705	refitted and special-design automobiles	unit
	87020010	large passenger cars (seats more than 30 people)	unit
	8706	automobile chassis, referring to chassis with engine, including main beam, motor, driver's cab, transmission, axle	unit
32.	8707	key auto parts, referring to engine, driver cab (body and frame,) drive bridge	unit
33.	87051000	truck crane, including cab (chassis) but not the front forklift	unit
34.	8802	civilian airplane	unit
35.	84452020	open-end spinning machine	unit
36.	90121000	electronic microscope	unit
37.	90061010	electronic color scanner	unit
38.		fault imaging device	
	90221110	x-ray fault inspection equipment (CT)	unit
	90181910	nuclear magnetic resonating imager (MRI), excluding emission computed tomography (ECT)	unit
39.	Computer		
	8470	(1) whole unit and complete set of components, including programmable calculator, 16-bit-and-under microcomputers	unit
	8471	(2)individual peripheral equipment, including soft and hard disc drive, printer, video display terminal, tape drives	
		nonrestricted equipment approved for import whose invoice include items described in (1) and (2) for use in main frame computer may be imported with the main frame without import license	
40.	85209000	audio and video tape copying machine (not including copier with speed ratio less than 1:8)	unit
41.		video recorder (player)	
	8521	(1) whole unit and complete set of parts, including camcorder	
	85229021	(2) the core of the video recorder (player), magnetic head, magnetic drum, parts	unit
42.	9009	copying machine, not including offset plate, alcohol, gelatin copier machines	unit
43.		air conditioner	
	8415	(1) whole unit and complete set of parts, referring to room air conditioner (window units free-standing unit, wall-unit, hanging unit), car air conditioner, and boat air conditioner; single cooling tower with several free-standing units; not including central air conditioning system	unit
	84143022	(2) air conditioner compressor, referring to the compressor for air conditioners in item (1)	unit
44.	refrigerator		
	8418	(1) whole unit and complete set of parts, including freezer, product display chest, and large-capacity freezer and refrigerator	unit

## List of Commodities Requiring Import Licenses (Continued)

No.	Product Code	Product Name and Scope	Unit
	84143001	(2) freezer compressor, referring to the compressor in freezers listed in item (1)	unit
	84189100	(3) freezer chest	unit
45.	8450	washer, not including washer and drier larger than 6 kilo capacity	unit
46.	8520	recorder, including receiver-recorder, recorder-player, audio components, recorders used in language laboratories, automobile receiver-player, not including play-only units	
47.	8528	television, including projector, closed-circuit television, and liquid crystal display television with 14-inch and larger monitor	
48.	8711	motor cycle, including two- and three-wheel motorcycles, not including skates, three-wheel motor cycle for the handicapped	unit
49.	8407	key motor cycle parts: (1) motor; (2) frame	unit
50.	9006	camera, not including special aerial, underwater, plate-making, medical cameras	unit
51.	90069190	camera, made up of casing, shutter, and view-finder, not including special-purpose cameras	unit
52.	9101	watch, referring to mechanical watches, analog-type quartz watches, not including digital display electronic watches	unit
53.	84798990	assembly and processing facilities, referring to the following 34 items:	set
		(1) television production-assembly line	
		(2) receiver-recorder production-assembly line	
		(3) household refrigerator production-assembly line	
		(4) household washer production-assembly line	
		(5) room air conditioner production-assembly line	
		(6) motorcycle production-assembly line	
		(7) light-weight and sub-compact automobile production-assembly line	
		(8) black and white kinescope production assembly line	
		(9) carbon-coated and metal-coated resistance production assembly line	
		(10) monocrystalline silicon solar energy battery production line	
		(11) 480 and below digital microwave telecommunications equipment production line	
		(12) marble slate processing-production line	
		(13) straw board production line	
		(14) plastic woven bag production line	
		(15) washing machine [FATIAO 4099 or 7569 2742]-type timer production line	
		(16) metallic beer and beverage can production line	
		(17) western-style garment production line	
		(18) nylon zipper production line	
		(19) polyester button production line	
		(20) air conditioning compressor and heat exchanger production line	
		(21) polyester drawwork production line	
		(22) instant noodle processing-production line	
		(23) furniture production line	
		(24) fiber optic, optic cable production line	
		(25) PCM DS-3 and belos multiplexing equipment production line production-assembly line	
		(26) telephone production-assembly line	
		(27) color accessories (high frequency head, line output transformer) production-assembly line	
		(28) capacitor production-installation line	
		(29) printed circuit board production line	
		(30) metallic necklace production line	

## List of Commodities Requiring Import Licenses (Continued)

No.	Product Code	Product Name and Scope	Unit
		(31) plastic insulator synthetic sheath production lines for metropolitan area telecommunications cables	
		(32) transformer silicon steel sheet lateral cut lines	
		(33) precoated, photosensor board production line	
		(34) condensed fruit juice production line	

## License-Issuing Jurisdiction in the Graded Management of Import Licenses

	I. List of Commodities Whose Licenses Are Centrally Issued by MOFERT	
	Name of Product	
	Cross Reference Commodity Serial Number	
steel		1
steel base		2
Scrap steel		3
abandoned boats		4
natural rubber		5
lumber		6
plywood		7
wool		8
chemical fiber (1)		9
wood pulp		10
petroleum		11
edible sugar		12
chemical fiber monomer(1)		13
diacidic fiber tows		21

(If localities use their own foreign exchange to import the above 14 items, licenses may be obtained from special MOFERT-designated offices)

automobile	31
key automobile parts	32

(licenses for the above two items imported by the SEZs and Hainan Province and the FIE's, and gifts from overseas Chinese and Hong Kong, Macao, and Taiwan compatriots may be obtained from the special MOFERT-designated offices)

tobacco products	19
civilian airplane	34

## II. List of Commodities Whose Import Licenses Are Issued by the Economic and Trade Department's (Commission's) Foreign Trade Bureau in the Provinces, Autonomous Regions, Municipalities, and Cities With Province-Level Economic Planning Authority

(Central government departments in Beijing importing the following commodities may obtain licenses from MOFERT)

Commodity Name	Cross Reference Commodity Serial Number
monomer chemical fiber (2)	13
chemical fiber (2)	9
ABS resin	14
synthetic rubber	15
sodium cyanide	16
pesticide	17
cigarette filter	18
coffee and coffee products	20
cobalt and cobalt salt	23
automobile tires	24

**License-Issuing Jurisdiction in the Graded Management of Import Licenses (Continued)**

	I. List of Commodities Whose Licenses Are Centrally Issued by MOFERT
civilian-use blasting equipment	25
chemical fiber fabric	26
chemical fiber garment	27
herbal medicine	28
carbonated beverages	29
television kinescope	30
truck crane	33
open-end spinning machine	35
electronic microscope	36
electronic color scanner	37
fault imaging device	38
electronic computer	39
audio and video magnetic tape duplicating machine	40
video recorder (player)	41
copying machine	42
air conditioner	43
refrigerator	44
washing machine	45
tape recorder	46
television	47
motorcycle	48
key motorcycle parts	49
camera	50
camera bodies	51
watch	52
assembly-processing facilities	53

**III. Jurisdiction of and List of Commodities Whose Licenses Are Issued by Specially Appointed Offices**

1. Those specially appointed offices representing MOFERT can issue import licenses in their zones of jurisdiction for the following commodities imported by localities using their own foreign exchange:

steel	
steel base	
scrap steel	
natural rubber	
lumber	
abandoned boats (in regions with boat scrapping facilities)	
automobiles (imported by SEZs and Hainan and gifts from overseas Chinese and Hong Kong, Macao, and Taiwan compatriots)	
key automobile parts (imported by SEZs and Hainan and gifts from overseas Chinese and Hong Kong, Macao, and Taiwan compatriots)	
diacidic fiber tow	
monomer chemical fiber(1)	
chemical fiber (1)	
wood pulp	
petroleum (limited to refined oil; no restrictions in the SEZs)	
edible sugar	

**License-Issuing Jurisdiction in the Graded Management of Import Licenses (Continued)**

I. List of Commodities Whose Licenses Are Centrally Issued by MOFERT	
wool	
plywood (licenses for FIE imports are issued by province-level economic and trade departments)	
2. Those specially appointed offices representing MOFERT for foreign-invested enterprises within their zones of jurisdiction can issue import licenses for the following:	
steel	
automobile	
key automobile parts	
natural rubber	
lumber	
wool	
edible sugar	
wood pulp	
petroleum (refined oil)	
chemical fiber (1)	
monomer chemical fiber(1)	
3. Those specially appointed offices representing MOFERT for enterprises within their zones of jurisdiction that are subordinate to the central departments concerned can issue import licenses for certain commodities, the list of which is identical with the list requiring provincial approval.	
4. Licenses which MOFERT is temporarily authorized to issue.	

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